JPRS 76111 25 July 1980

# Near East/North Africa Report

No. 2154



FBIS FOREIGN BROADCAST INFORMATION SERVICE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was aummarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

[III - NE & A - 121]

# NEAR EAST/NORTH AFRICA REPORT

No. 2154

# CONTENTS

INTER-ARAB AFFAIRS	
Briefs Syrian Relations With Jord	an 1
AFGIANISTAN	
Deployment of Missiles in Europe (Georges-Eric Touchard; LE	Cause for Invasion MCNDE, 12 Jun 80) 2
Death Squads Kill Afghans Who Coo (JASARAT, 12 Jun 80)	perate With Russians
Russian Officers Dissatisfied With (JASARAT, 11 Jun 80)	Soviet Policy
Police Officer Describes Condition (LE MONDE, 3 Jul 80)	ns in Kabul Prison
ALGERIA	
Officials, Academicians Discuss S (REVOLUTION AFRICAINE, 6-1	takes in Energy Issue 2 Jun 80)14
Energy Problem Oil, World Economy, by Abd Energy, Global Negotiation Energy Alternates, Gas, by Natural Gas International Gas Market,	s, by Tahar Hadj-Sadok A. Mezaache, T. Gatí
Price of Natural Gas, by M	B. Benzaghou aptation, by M. A. Chellal Order, by M. E. Benissad Issad

# IRAN

	'Assassination Attempt' Denied by Khalkhali (ETTALA'AT, 7 Jul 80)	100
	Details of Aborted Goup Revealed (EXCLUSIVE, 16 Jun 80)	101
	Khomeyni Jr Condemns Hezb Allahi Extremists (EXCLUSIVE, 16 Jun 80)	104
	Council of Cultural Revolution Appointed by Khomeyni (JONHURI-YE ESLAMI, 12, 14 Jun 80)	106
	Mission of Council, by Jalaloddin Farsi Members of Council, by Khomeyni	
	Hostage-Taking is 'War Crime' Says French Academician (Editorial, Edgar Faure; LE FIGARO, 8 May 80)	112
	Beheshti: Probable Successor to President Bani-Sadr (NAME-YE RUZ, 5 Jul 80)	116
	Majles Representatives Give Views on Issues (Various sources, various dates)	119
	Bazargan, Others Speak Zahrani Discusses Issues, Seyyed Ahmad Zahraini Interview	
	Activities of Clandestine Radio Stations Noted (EXCLUSIVE, 16 Jun 80)	125
	Diplomats Abroad Urged To Observe 'Islamic Dignity' (ETTALA'AT, 7 Jul 80)	127
	Stoning: Revival of 'A New Repulsive Precedent' (NAME-YE RUZ, 5 Jul 80)	128
	Relations Between Army, Civil Authorities Discussed (NAME-YE RUZ, 24 Jun 80)	130
	Women Decreed to Wear 'Islamic Dress'; New Sign on Flag (ETTELA'AT, 7 Jul 80)	133
IS RAEL		
	Views on Nuclear Arms; Iraqi Reactor (Paris Domestic Service, 13 Jul 80)	135

	Ambassador to London Scores EEC Mideast Initiative (Tom McMullan; London Press Association, 3 Jul 80)	136
	Briefs	
	Rabin Leads in 'POST' Poll	137
	Settlements for Gaza Strip	137
KWAIT		
	Amendments To Suspended Constitutional Provisions Discussed	
	(Najib 'Abd al-Hadi; AL-MESTAQBAL, 26 Apr 80)	138
	Gentral Bank Reports First Quarter Monetary Expansion	
	(THE ARAB WORLD WEEKLY, 5 Jul 80)	140
	Inclusion of Noncitizens in Social Security System Urged	
	(AL-TALI'AH, 16 Apr 80)	142
	Petrodollar Investment in France Amounced	
	(THE ARAB WORLD WEEKLY, 28 Jun 80)	143
	Briefs	
	New Loans From Fund	144
	French Petrochemical Deal	144
	Brazilian W Subsidiary Share	145
	External Bank	145
	London Investment	145
	Airbus Purchase	145
LEBANO	•	
	Consequences of Deteriorating Security Situation Explored	
	(AL-HAWADITH, 2 May 80)	146
	Disagreement Over Decree To Organize Army Discussed	
	(Amin al-Siba'i; AL-HAWADITH, 2 May 80)	150
	Bill Exempts Military From Delinquent Municipal Tax	
	(AL-NAHAR, 9 May 80)	156
	Situation in South Related to Regional, International Events	
	(Rafiq Shalala; AL-NAHAR AL-'ARABI WA AL-DUWALI,	
	24 Apr to 4 May 80)	157
	Mistrust Between Palestinians, Lebanese, Syrians Discussed	
	(Nuhad al-Mashnuq; AL-NAHAR AL-'ARABI WA AL-DUWALI,	
	28 Apr to 4 May 80)	162

	Phalangist-Syrian Dialogue Discussed (Emile Khuri; AL-NABAR AL-'ARABI WA AL-DUWALI, 28 Apr to 4 May 80)	167
	to apr to 4 may object the second of the sec	101
	Cabinet Advised of Projects Realizable in Next 12 Months (AL-NAMAR, 8 May 80)	172
	Housing Shortage Discussed (AL-NAHAR AL-'ARABI WA AL-DUWALI, 28 Apr to 4 May 80)	175
	Chances of Implementation of Reconstruction Plans Probed ('Adman Karimah; AL-HAWADITH, 2 May 80)	180
	Stock Market Requests Financial Help To Resume Activity (AL-NAHAR, 5 May 80)	186
	Oil Refining, Distribution Statistics for 1974-78 Cited (AL-NAHAR, 5 May 80)	189
LIBYA		
	Zionist Control of World Information Media Condemned (Muhammad Zarta; AL-ZAHAF AL-AKHDAR, 12 May 80)	197
PERS LAN	GULF AREA	
	Publication 5 March Attacks Oman, U.S. Policy in Gulf (AL-TALI'AH, 16 Apr 80)	198
SUDAN		
	Refugee Commissioner Discusses Sudan's Approach to Refugee Problem	
	(Ahmad 'Abd-al-Wudud Kararawi Interview; AL-SAHAFAH, 7 May 80)	201
TUN IS I		
	Camp David Accords Examined (Editorial; LA PRESSE DE TUNISIE, 7 Jun 80)	206
	Mzali Views Country's Political, Social 'Consensus (TAP, 11 Jul 80)	207
	Chenima Appointed To Head Economic, Social Council (LA PRESSE DE TUNISIE, 7 Jun 80)	209
	Petroleum Exploration Permits Signed (LA PRESSE DE TUNISIE, 7 Jun 80)	211

# UNITED ARAB EMIRATES

New Water Authority Established	
(Muhammad 'Amir; AL-ITTIHAD, 4 May 80)	212
Expenditures on Northern Water Projects Detailed	
(Fathi Salami; AL-ITTIHAD, 10 May 80)	215
Irrigation Project To Enhance Prospects for Agriculture	
('Abd-al-Munsif Shukr; AL-ITTHAD, 9 May 80)	217
Briefs	
Increases in Agricultural Production	221
Water Authority Law Spotlighted	221

#### BRIEFS

SYRIAN RELATIONS WITH JORDAN--Informed Arab sources say that relations between Syria and Jordan have been cooling off for quite some time. This has led to a decrease in contacts between the two countries. The Syrian prime minister, 'Abd al-Ra'uf al-Kasm delayed returning the visit of the Jordanian prime minister, 'Abd al-Hamad Sharaf in 'Amman. As for the reason for the Jordanian-Syrian alienation, these sources attribute it to Jordanian positions unconditionally supporting 'Iraq. Jordan was the first nation to agree to the "Arab charter" which the Iraqi president, Saddam Husayn, proclaimed. Likewise, King Hussein has several times declared his strong support for the Iraqi policy. During the intensification of the crisis between Iraq and Iran recently, the Jordanian monarch called on the Arab world "to protect Iraq's security," and that was interpreted to be Jordanian support for Iraq in its dispute with Iran. [Text] [Riyadh AL-YAMAMAH in Arabic 25 Apr 80 p 13] 9614

CSO: 4802

#### DEPLOYMENT OF MISSILES IN EUROPE CAUSE FOR INVASION

Paris LE MONDE in French 12 Jun 80 p 2

[Article by Georges-Eric Touchard: "Pershing II - Kabul, the Same War?"]

[Text] The USSR, by intervening both massively and, ostensibly, outside of the zone of influence that is implicitly recognized for it, has taken risks in Afghanistan, Why?

The fear on the part of the Kremlin leaders of seeing Moslem agitation proliferate within the Soviet Union's republics that have a Moslem majority is the explanation that is most commonly offered. However the extent of this agitation should not be overestimated. The integration of Islamic populations into the Soviet political system is less precarious than is sometimes claimed and the empire is unioubtedly not about to break up.

Eternal Russia's thousand year-old push towards the warm seas is a second explanation. But the remarkable modernization of the Soviet Navy under Admiral Gorshkov has given it a degree of autonomy such that requirements for carrying out distant strikes, such as having access to the warm seas, which only 10 years ago was a requirement for the world wide game that the USSR wanted to play, is now only a useful commodity.

In addition, it would appear that a repetition of the Kabul coup in other Arab countries would unfailingly generate a violent reaction in the rest of the Islamic world that would undoubtedly act as a barrier to Soviet ambitions for a long time. The Soviet Union would not gain any advantage by compromising the solid friendships that its attitude toward the Palestinian problem has earned it in all of the Arab countries without exception.

Finally, it is clear that a direct, continous, and ostentatious progression on the part of the USSR itself toward the oil fields of the Arabian peninsula would amount to a deliberate provocation by the USSR with regard to the West with all of the incalculable risks that it would entail.

Other elements of explanation can be given for the Soviet intervention in Afghanistan. They are undoubtedly more determinant. It would appear first

of all, from a doctrinal point of view, that the Soviet Union has never-particularly along its borders--renounced the Leninist principle of proletarian internationalism. History does not reverse itself and the keeping of Afghanistan within the communist camp could appear to the Soviet leaders to be just in the nature of things. Additionally, it is obvious that despite its extremely short border with China, but because of the threat that it could pose to Pakistan, Afghanistan is an important move in the game of encirclement that the USSR is playing around China. When the day comes this lesson, which some consider to be inevitable, will appear possible or credible.

On 14 December 1979, the member states of the combined organization of the Atlantic alliance made a basic decision; to authorize the deployment in Europe of American medium range missiles, armed with nuclear warheads, and able to strike with extreme accuracy at protected military sites within USSR territory.

## A "Second Strike" Capability

From the European point of view this decision, which is in line with the American theory of a graduated response, undoubtedly constitutes an inappropriate response to the threat to West European security posed by the SS-20 missiles. Without resorting to certain somewhat excessive scenarios of the possible utilization of the SS-20 missiles, the solution to the problem that this type of armament poses for Europe is clear. It is a question of preserving a "second strike" capability in Europe that is sufficient to dissuade the Soviet Union from being tempted to compromise the free will of the European nations through the threat of a relatively selective action that would deprive them of the basic means of retaliation that they individually or collectively have at their disposal. The Pershing II missiles and the GCIM Cruise missiles which NATO has decided to deploy are fairly vulnerable to a first strike and are a poor response to the requirements of this purely defensive policy.

The decision made on 14 December 1979 amounts to nothing less than a serious check for the USSR.

First of all, it is a psychological check because it expresses all the more clearly the cohesion and determination of the members of the combined organization since it comes on the heels of a very violent if not threatening campaign by the Soviet Union which could be viewed as intended to rekindle the indecision on the part of NATO members that prevailed a year earlier when it was a question of planning to compensate for Soviet superiority in the European theater by deploying neutron arms.

And it is a parastrategic check since they will be stationed outside of the national sanctuary of the United States and would be able, due to their precision, to be used quickly as part of anti-force actions executed against the USSR's own territory. The USSR does not have equivalent sapabilities in its allied countries that would be able to reach United States territory. The Pershing II and GCLM will thus provide increased flexibility to American dissussion.

Some aspects of this situation could lead one to believe that the events in Kabul are perhaps the inevitable Soviet reply to this double check,

There is first of all a parallelism in forms, Just as with NATO's decision, the Soviet intervention was done in an ostentatious manner which was not necessary from a strictly military point of view.

There was also parallelism in the demonstrative effect, As with NATO's decision, and despite the USSR's underestimation of world reaction, the Kabul coup illustrated the inability of the other party to react in a concrete way.

Parallelism can also be seen in the position taken by the French government which very logically refused to approve or disapprove the decision taken by NATO on 14 December 1979 and which, in completely symmetric fashion, while condenning Soviet interference in Afghanistan, clearly demonstrated its desire to retain its autonomy in decision making.

There was a singular lack of symmetry however in the profitability of the operation should it have been pursued to its finish. The indirect utilisation of the territory of a submissive Afghan republic would achieve for the Soviet Union a flexibility in the manipulation of its facilities for dissuasion and hence its ability to apply pressure, which would not be commensurate with the advantages that the United States can reap from the deployment within the next 3 years of the Pershing II and other GCLM on Buropean soil. It is enough to envision, within the context of the permanent dissuasion that is at play between the United States and the USSR, the possibilities that would arise from placing medium range missiles in Afghanistan that were aimed, for example, at the oil fields in the Near East.

The capability would exist, from a point outside of Soviet territory, of striking an area of vital interest to the United States and its allies all the while sparing not only the American national sanctuary but also that of the United States' European allies.

The extreme vulnerability of the installations would, besides, do away with the necessity of resorting to nuclear warheads and would thus resolve the crucial problem of the delegation of firing responsibility by creating the appearance of the solution of a continuity between the decision to fire and Soviet responsibilities.

The situation involving the relatively remote location of the oil field sites, as well as the conventional nature of the warheads, would combine to give credibility to a firing which, done as a result of local agitation by active minorities, could appear to be part of a process of internal revolution.

Such a scenario would tack the United States and its allies into either powerlessness or into the dangerous position, particularly for Europe, of taking the first step in a selective nuclear response.

This is only a hypothesis. However it perhaps would not be absurd to contemplate it an any more than it would be to finally contemplate the problem of European security seriously.

.

7779 CSO: 4900

#### DEATH SQUADS KILL AFGHANS WHO COOPERATE WITH RUBSIANS

Karachi JASARAT in Urdu 12 Jun 80 p 1

(Article: "Babrak Karmal's Disgrace Reaches its Zenith; Father Refuses to See Him; He is Hiding from the People; A Teacher Communits: 'He might be Cleaning the Toilet of the Russian Ambassador,'")

[Text] London, 11 July (JASARAT) -- The present ruler of Afghanistan is so hated that even his father, who lives in Kabul, refuses to see him. He has been cut off from his countrymen totally. He is at the morey of his Russian patrons. His secretary, personal orderly, cook, driver and six body-guards are all Russians. Nobody has seen him in public and his residence is kept a secret.

Sunday Telegraph reporter Bruce Landon says in a report that he asked a teacher on the whereabouts of Rabrak Karmal. The teacher replied, "He (Karmal) lives in the Russian embassy and cleans the toilet of the Russian Ambassador." This reflects the hatered felt against Karmal and the Russian aggressors.

Reporter Bruce Landon is staying in a hotel in Kabul all by himself. He writes that many "death squade" have been formed in Afghanistan to take revenge against people who have accepted Russian "slavery". The latust incident happened one night last week. Mutilated bodies of two workers of the Afghan Communist Party were found impaled on the iron rods of the gate of a school opposite the Russian embassy. Both of these men were leading members of the local branch of the Parcham party. Twenty supporters of Karmal have been killed this way during the last few days in Kabul only. Death equads are very active in other cities also. Here than ten people die at the hands of these equads in Kandhar every day.

Bruce Landon writes that the Russians have made murder and bloodletting a routine. He says: "Afghanistan has never experienced such an atmosphere. One day I saw funerals of the Governor and the Inspector General of Bamian province. The governor's head was cut off and the Inspector General's body was cut to ten pieces. The hand of a truck driver, who traveled

between Russia and Afghanistan, was cut off." Reporter Landon adds that "the only thing that can be said firmly after six months of Russian aggression is that every person haves the Russians. I saw three uniformed Russian soldiers in the Chicken Bassar of Rabul. They went to buy a digarette lighter in a store. They were so scared that they kept their hands on their automatic pistols while talking to the storekeeper. They were looking scared in every direction as was their driver who sat in the jeep. He had not even turned his motor off. A salessan of a famous rug store here told see that any time a Russian comes in to shop he (the salessan) tells the Russian that he cannot sell him anything as the manager is out."

7997 C801 4203

#### RUBBIAN OFFICERS DISSATISFIED WITH SOVIET POLICY

Karachi JABARAT in Urdu 11 Jun 80 p 1

[Article: "Even the Russian Officers are not satisfied with the Soviet Policy Toward Afghanistan"]

(Text) The Russian invasion of Afghanistan last December did not only shock the outside world, but also saddened and disappointed citizens and middle level officers in Russia. They welcomed the movement to boycott the Moscow Olympics, hoping that this action might change their government's attitude. This was disclosed by a former KGB officer and correspondent of TASS, who took political asylum in Britain a few months ago. A series of articles based on this disclosure were published in the London Times.

Hr (Zakharov) was an information officer at the WHO in Geneva before taking refuge in Britain. He had been appointed by the Russian government as a public relations officer in various international organizations. After the Afghan crisis, one of his duties was to circulate Russian statements among his western colleagues and report on their reactions to his government. He would explain to western circles how Russia was only trying to keep peace and defend socialism from external pressures. But he could not convince anyone.

Mr (Zakharov) was between the Devil and the deep blue sea. Neither could he send the kind of tales that Hoscov wanted to hear about its foreign policy nor was he satisfied with the statements issued by the Kremlin. This problem confronted all huseian officers stationed in other countries. Nobody had told them about the plans to attack Afghanistan. They were anared to learn of the attack. Mr Zakharov says, "Whenever we discussed this affair among ourselves, none of us could understand the purpose of this stupid step. It looked like a clear case of lunacy to us."

Mr (Eakharov) had been an intelligence expert on Iran and Turkey. He said, "I do not see any economic reason for the attack on Afghanistan. If there had been an attack on Iran, I could understand its purpose. There are economic reasons. We could get oil wells. The takeover of Tohran would have been politically significant. But why Afghanistan? All they got there are mountains and we got plenty of mountains in Russia. Russian army

is not equipped to fight in the mountains. This step of the Kremlin is even more puzzling since it has the experience of the long war in central Asia during the early years of the Soviet revolution."

Mr Zakharov reminded us that "the 'Bismachis' of central Asia were also warlike, though unarmed, like the Afghan Bujahids. Russia had to use its full forces for a number of years to defeat them. The Russian army in Afghanistan is facing even a tougher task today. There is a fear of getting stuck in a war which can never be wen. This matter is of special concern to people in my age bracket—people who were young during the Becond World War and who have been totally absorbed in the Boviet way of life. Who can explain to them the reason for the death of their children in Afghanistan. They could understand if lives were being sacrificed for some lofty cause, but there is no danger to Russia from Afghanistan."

(Zakharov) said: "the only answer to this question is that Russia wants to impress on world in general and the U.S. in particular that it can do whatever it wants to do, and that Russia does not care what the American president or the world says." Or it could be that Brezhnev and his associates want to test the western powers and see their reactions to these Russian moves. That is why (Zakharov) and his colleagues in Geneva were glad to learn of the Olympic boycott, hoping that his step would pressure the Russian leaders into adopting a more acceptable policy. They were convinced that Russia had conceitedly made the mistake of destroying the balance of power between Russia and America. This balance had been established after a great struggle. Russia did not gain politically and the Russian people, who are suffering from poor economic conditions, did not gain anything from their government's action. The common people in Russia view the holding of the Olympics in Moscow as an act of tyranny, because this 'fair' is being 'held in the middle of a standard of living where even common staples are hard to buy.

Mr (Zakharov) said that the Russian economy was such better twenty years ago. Even the idea of staging the Olympics in Moscow was treated as a joke. People are afraid that mething will be left in stores to buy after the extravaganza of foreign courists and athletes. The KGB is also worries about it. The greatest worry facing the intelligence officers is the safety of the participants. They are aware that inspite of their great efforts, it is virtually impossible to keep an eye on every foreigner. Exeping this in view, and after consultation with the Moscow Olympic Committee, quotas for guests were limited. Bussia had announced that everyone who would want to which the Olympics would be granted a visa. However, they have fixed quotas for visitors. No additional visas will be issued. Those who will be granted permission to enter the country will be monitored throughout their stay here. Anyone disobeying the rules and regulations set up by the government will be warned. Special KGB forces have been established to limit contact between foreigners and the local residents.

Mr (Zakharov) said with a smile that the Russians contact a foreigner only in one of two situations: When they are helpless, or when they [feel they have acthing to lose). Even during the golden day after the Revolution, the government maintained a distance between its citizens and foreigners. The same policy will be enforced during the Olympics. Mr Zakharov said that he knew that he will be labeled a traitor and a rumor-monger, but the truth is that "many of my countrymen would confirm my statement that the Soviet leader are so cut off from the common people and are so ignorant about world opinion, that they sincerely believe that they have no fear of an uprising by their people or of anger on the part of the rest of the world."

7997 CSO1 4203

#### POLICE OFFICER DESCRIBES CONDITIONS IN KABUL PRISON

Paris LE HONDE in French 3 Jul 80 p 5

(Text) Karmal's government claims to have released most political prisoners imprisoned under Taraki's and Amin's regimes in the Pole Charki prison in the suburb of Kabul. Haroun Assefy, a former Afghan policeman who spent 20 months in that prison, describes below the conditions of his imprisonment.

On 5 May 1978, a week after the communist and pro-Soviet coup in Kabul, several armed officers came to my home around 2100 and asked me to follow them for a simple formality. They then took me to the basement of the ministry of defense. Three days later, I entered the Pol e Charki prison located 15 kilometers east of the capital. I did not leave it until 11 January 1980, 20 months later.

My cell-No 12, on the second floor of Bloc I-was a 3 x 4-meter room for two people. It held seven of us during all of my stay. At the time, 1,600 persons, all political prisoners, were crowded in the three larger prison blocs and 400 in the bloc where I was.

Construction of the prison had never been completed and, therefore, there were no toilet facilities in the cells or in the blocs. Our jailers had installed eight privies in the courtyard and once a day, the 400 prisoners in the bloc were given half an hour to take care of their needs which meant that most of them, often suffering from dynamicry, relieved themselves in their cells. Our daily meal consisted of a carrot gruel accompanied by a practically inedible black bread.

During the first few days, we had mattresses, but they were quickly removed by order of General Abdul Eader, minister of defense (currently a member of the Revolutionary Council). That same Abdul Eader also ordered the removal of whatever Korans and prayer beads and rugs we had in our possession. The reaction of all the prisoners, as well as some of the soldiers who were guarding us, was such that they had to return them shortly thereafter. The only medicine we could buy in prison was aspirin. Some had to pay the soldiers to get pills for which they had to wait for several weeks. Mothers who were unable to nurse their infants had to buy powdered milk; they often waited several days before it was available, during which time the babies had nothing to eat.

There was no running water in the blocs; water covered with greenish meas was delivered by distern-trucks and poured in drums having contained chemical products. It was our only drinking water and almost all of us had dysentery.

Most of the prisoners in Bloc I were high officials, members of the Daoud government, officers, religious men and members of the former royal families with their wives and children, as well as the wives and children of a leading religious family, the Mojadidi Family, whose male members had all been executed. Later, members of the Parcham faction of the People's Democratic Party of Afghanistan (PC)—a rival of the other branch, the "Khalq"—were brought in with us, including General Rader.

#### Insulta

The prisoners' ages ranged from 40 days to 90 years. The dean of Pol e Charki prisoners, Ahmad Ali, a former royal minister, was to die some time after his imprisonment.

Prison rules were the same for men, women and children. During our daily exercise, we could walk around the courtyard for one hour. We were forbidden to talk to each other. We had neither books, paper, pens, nor radios. A prisoner in a cell close to mine was executed for having been found in possession of a transistor. Family members were not allowed visitation privileges. Every two weeks, the prisoners' families brought clean cloths to the prison door. When no dirty cloths were handed back to them, they knew their kin had died.

We were often visited by members of the government and high party officials who came to insult us and watch us like animals in a zoo.

The lights in the cells would often go off around 11 pm. Buses would then arrive, often preceded by the black Mercades of Assadullah Sarvari, chief of the "Agsa" secret police, the present No 2 man of the Babrak Karmal's regime. Our jailers would then go through the cells calling those of us who were to be executed that night, tying their hands behind their backs and blindfolding them with pieces of their own sheets.

Hy turn came one night. Hy guards blindfolded me and made me get into a bus, then they made me get off and returned me to my cell. This method could even be more cruel. Thus, my brother-in-law was blindfolded and placed against the wall with a group of men, also blindfolded, only a few of whom were shot down.

Hy cell was located close to the office of Said Abdullah, the prison commander. The screams of the prisoners being tortured could be heard late into the night. Hany of them could no longer walk after being tortured and I particularly remember Dr Narwin, former minister of information and culture in the Daoud government, and Professor Bachimi whom we had to carry to the toilet. I also remember the answer of the officer who took Akbar, Daoud's former prime minister, to be executed. As he was trying to put his glasses on, the officer told him: "You won't need your glasses where you're going."

Executions took place just outside the prison walls or in a rifle range located approximately 3 kilometers from the prison. Victimes were buried on the spot.

One night, 160 prisoners were brought in from another bloc. Five buses were waiting for them. A movement of revolt then spread among those who were waiting to be executed in Sarwari's and Abdullah's presence. They gave the order to shoot in the group and the wounded were beaten to death with Iron bars. The bus drivers were also killed to leave no outside witnesses to that massacre.

We occasionally had to attend political reeducation courses given by communist officers. Despite our distress, or maybe because of it, these courses sometimes made us smile. Thus, one day, Said Abdullah had the nerve to tell us that Fidel Castro was head of a neighboring country of Afghanistan and he stated that Courade Taraki (then head of the Afghan state) was the world's greatest revolutionary.

During the night of 26 to 27 December 1979, over 10 tanks positioned themselves around the prison. We were overjoyed thinking they were the forces of the victorious resistance aided by the Afghan army who had come to deliver us. But it was the Soviet soldiers who were taking possession of Pol e Charki.

Two weeks later, the Soviets ordered the release of most of us. But we then discovered that we had left a small prison for a larger one: Afghanistan. From that day on, I had only one thought in mind, to take my family far from this hell and return to fight my country's real jailers.

6857 CSO: 4900 OFFICIALS, ACADEMICIANS DISCUSS STAKES IN ENERGY ISSUE

## **Energy Problem**

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 20-24

[Articles by G. B.]

[Text] The decision of the gas-exporting countries belonging to OPEC to standardize their prices and align them with crude oil prices, adopted unanimously by the representatives of the participating countries (United Arab Emirates, Kuwait, Qatar, Algeria, Libya, Nigeria and Indonesia), in accordance with the recommendation approved at the conclusion of the 57th OPEC conference held in Taef, reaffirmed, just prior to the holding of the conferences of the OPAEP [Organization of Arab Petroleum Exporting Countries] (17 June) and the OPEC (9 June), the determination of the producers to cease to sell indispensable resources cheap in order to guarantee their own future development.

The import of such a decision, the implementation of which should make it possible to make the exploitation of major gas reserves profitable, is particularly obvious for Algeria, which decided at the beginning of this year to renegotiate the contracts for delivery signed with the United States and France.

In this report, which is an attempt to clarify the various aspects of the energy problem, analyzed within the present world economic situation, a number of themes pertaining to natural gas are taken up successively. Approaching the energy crisis from the point of view of alternative energy sources and the role of gas, Messrs Mezaache and Gati reached the conclusion that the contribution of all the alternative energy sources (nuclear, coal, bituminous schist, asphaltic sand and renewable sources—solar, wind, bio-energy and geothermal energy) will not, unless there are major technological advances, be able to close the world energy gap in the medium term. Natural gas (major reserves which can be mobilized) thus represents the transitional

energy source likely to contribute in a consistent fashion to reducing the energy deficit in the medium time range.

Mr Mezaache, discussing the international gas market, points out moreover that in 1978 world gas exports came to about 160 billion cubic meters, or only 10 percent of world production (estimated at some 1,600 billion cubic meters), while international trade in oil that same year involved about half of the production. This fact leads us quite naturally to the problem of the marketing of GNL [liquefied natural gas] and the necessary adaptation of the contracts to the new circumstances. Mr A. Guellal emphasizes in this connection that "one of the characteristics of the last decade in the energy field is seen in the emergence of a market for GNL," and he denounces the "entirely unconscionable situation" created by the Algerian contracts and the hesitation of clients, in contradiction with the rule calling for the adaptation of contracts in case of change in the circumstances acknowledged by all systems of law as a generally applicable rule ("Juridical Theory Related to Economic Analysis").

The charter of economic rights and duties of nations adopted by the General Assembly of the UN in 1974 stipulates moreover that "all states have in common the responsibility to encourage a regular trend toward the acquisition of all commercial products . . . at stable, remunerative and equitable prices."

The classic reference products, fuel and gas oil have ceased to be representative of the market value of natural gas, which has multiple possibilities for use and which is in addition, like oil, a major factor in the development of the processing industries (artificial textiles, plastic substances, detergents, fertilizers, thousands of products in daily use).

The concept of "aligning" the price of natural gas with that of crude oil emerged a few months ago in connection with the signing or renegotiation of certain contracts for the sale of natural gas (adopted on 28 May in Abu Dhabi by the gas-exporting countries) implies moreover, as Pascale Antoni stresses ("Arab Oil and Gas," 1 June 1980), making a distinction between the parity between the prices of gas and crude oil on the basis of heat equivalence expressed in BTU [British thermal units] and on the other, indexing the price of gas on that of crude oil.

The principle of parity implies that the price of natural gas sold by a country is always equal to the sale price of a given reference crude oil divided by the heating power of that crude oil in relation to natural gas.

According to this principle, and using the sale price FOB [transportation excluded] of its Zarzaitine (41° API [American Petroleum Institute]) and Sahara (44° API) crude oils, and on the basis of the heating power of these crude oils (5.6 million BTU per barrel), the Algerian CNL should be sold at \$34.21, or \$6.11 per million BTU. It is on the basis of this price, moreover, that Algeria decided to negotiate the contracts currently pending.

Indexing, which involves the development of the base price negotiated as a function of the price of one or more selected crude oils, is not new. What on the other hand is new is recourse to the concept of parity between the price of gas and that of crude oil on the basis of heat equivalence.

A system which appeals due to the simplicity of its use, the principle of parity between the price of gas and that of crude oil (applied by Abu Dhabi since 1 January 1980 and demanded for Algeria) additionally gives the oil and natural gas exporting country control of the sale price of its gas through the control it already has over the price of its oil, instead of depending on indices published, sometimes irregularly, in the importing countries. (The French indices for reference fuel oil published, in addition to the lag, come from an unofficial source.) The oil companies obviously prefer to perpetuate the practice of convenient price segregation which tends to keep the price of heavy fuel relatively low, with subsidies from the profits of other products, is inflexible, as Mr A. Guellal suggests.

Surveying potential hydrocarbon resources in Algeria, Mr Tabti notes that the existing methods of evaluation give varying results. For example the potential reserves in existence for crude oil have been estimated at between 500 million and 4 billion tons (most likely figure--1 billion tons), with an estimate of between 500 billion and 10,000 billion cubic meters for gas.

Five thousand billion being the most probable figure here, these high figures place Algeria among the regions where exploitation is of interest. It would still be necessary to increase the efficiency of drilling equipment (currently, the average is about 20 wells and 60,000 meters drilled per year) and to increase the number of Algerian experts considerably, and thus to have a precise plan for the mastery of technology and a strategy for exploitation.

The greater part of the gas and oil reserves were discovered in the eastern part of the Sahara. At present fewer than 200 wells have been drilled in the western and center parts of the Sahara, whereas 5,000 would be necessary in order to be able to say whether this vast region is of interest from the point of view of hydrocarbons. It is estimated in this connection, in fact, that drilling should be done at the rate of 1 well for every 200 square kilometers.

A main accumulation sector, hydrocarbons have drawn off a large part of the planned investment, precisely in order to guarantee the increased return on resources needed for the pursuit of the industrialization process itself.

At the extreme, since the activities related to export (of hydrocarbons) and exploitation activities as such become intermingled, the former being assimilated by the latter (in particular liquefaction, which is merely a processing activity), this may have concealed the fact that the export of hydrocarbons should be regarded as a result of the international division

of labor as required for the countries of the Third World, as Mr Salem stresses in dealing with the problem of industrialization in Algeria. This is the reason for the need to give its full meaning to the concept of valorization, i.e. knowing how to process a raw material, to add value to it through labor, technological advance, supplying products to the whole of the national economy, and thus conceiving of it other than in terms of the improvement of prices on the international hydrocarbons market.

It seems moreover, at the end of the 1967-1980 period, which began with the launching of the first 3-year plan, that the level of investment was determined more nearly by the level of income from hydrocarbons (and potential hydrocarbon income for the future) than by the balances dictated as a function of the capacity of the country to absorb investments, its capacity for and means of executing work, its capacity and means of checking on and controlling the execution entrusted to foreign enterprise, and its study capacity.

The leading role of the hydrocarbons sector in fact thus has had as a corollary weak planning, if not the lack of it, although it is indispensable to the implementation of an authentic industrialization policy.

This formula moreover is not specific to Algeria, for it is found in particular in the majority of the oil-exporting countries which have undertaken an industrialization process wherein the limits are plain to be seen.

The UN declaration on the new international economic order approved in 1974, moreover, spells out the need for the underdeveloped countries to share in the advantages of science and modern technology and the need to promote the transfer of technology and the establishment of an autonomous technological structure.

In view of the desire of the Third World countries to speed up their economic development and to promote truly integrated economies, there are two opposing theses propounded in the industrialized countries. The more pessimistic stresses the negative effects (competition for supplies of raw materials, loss of foreign markets, etc), while the other, more optimistic, stresses the positive impact of an increase in markets for finished industrial products and massive recourse to technical aid. But the two theses have in common, as Mr Benissad points out, their assumption that the present international division of labor favorable to the industrialized countries will endure.

Mr Sadok ascribes the failure of the conference on international economic cooperation (so-called North-South dialog) held in Paris in 1976 and 1977 to the desire of these countries to maintain the present status quo, which benefits them. Of the four planned commissions (energy, raw materials, development, financial affairs), the industrialized countries in fact focused their efforts on only one-energy. They took this occasion moreover to accuse the OPEC of abusively increasing oil prices and thus being

at cause for all the evils in the world economy. The insistence of the Western countries on dealing separately with the energy problem is mainly a reflection of their desire to regain control of a sector in which they are losing the power of decision, and the mastery of which dictates negotiating power with the Third World to a great extent.

OPEC -- The Battle for the Valorization of Hydrocarbons

Since at this beginning of the 1980s the oil-producing countries must derive lessons and undertake an assessment of past policies and the numerous obstacles encountered along the path of development, Mr A. Sid Ahmed has published a work, through the University Publications Office, on the "OPEC, Past, Present and Puture," with the intention of tracing the major stages in the economic development of the OPEC member nations since oil has been exploited commercially. World oil production increased from 10 million tons in 1890 to 21 million in 1900, then to 1 billion 583 million in 1965 and 3 billion 230 million in 1976. The basic characteristic of this oil industry is the predominant role played by the United States in its expansion since a very recent date.

The discovery of oil in the Middle East dates back to the beginning of the century. The first companies established were Anglo hersan Oil [sic] and the Iraq Petroleum Company. Iranian oil production already exceeded 1 million tons in 1919 and reached 10 million in 1937 and 20 million tons in 1947.

In Saudi Arabia, it was not until 1944 that crude oil exports exceeded 1 million tons. The oil history of the other Arab countries is still more recent. For example Algerian crude oil production, which was only 0.4 million tons in 1958, was to increase to 20.7 million by 1962 and 47 million by 1969.

As of the beginning of oil exploitation, the Western oil companies, the American ones in particular, maintained "almost total monopolistic control" and decided that the high cost of marginal American wells would determine prices in the other parts of the world.

The price of oil per barrel was thus equal to the American price in the Gulf of Mexico plus freight, whatever the origin of the crude oil. However in 1938, Mexico decided to nationalize its oil and Venezuela was to play a pioneer role in establishing a certain degree of cooperation (in particular exchange of information) among the producer countries.

And the creation of the Arab League in 1945 was to give the Arab oilproducing countries an institutional structure within which this type of cooperation could be pursued.

However, as Mr Sid Ahmed explains, it was the independent oil companies and the national oil companies in the consumer nations which brought about the

revision of the concession agreements, by virtue of which the oil companies controlled all aspects of production, as well as prices.

The principle of equal profit-sharing (50-50) established then was to make possible a substantial increase in the income of the producer countries, which were still excluded from the process of decision. Prices and extractions remained the sovereign domain of the companies.

It was not until 1955, i.e. more than half a century after the first concessions were granted, that oil income became the major source of income for Iran, which established the National Iranian Oil Company (NIOC) in 1951. In 1973, it was marketing only 330,000 barrels per day.

Production increased in Saudi Arabia between 1938 and 1950 400-fold, from 0.5 million to 200 million barrels, while the oil income paid to the state was only multiplied by 18. In June of 1958, the total indebtedness of the country came to 1.8 billion riyals, or the equivalent of a year's income. It was not until 1950 that oil income would allow the launching of a substantial development program.

Until 1972, Algerian income from oil still represented somewhat less than a third of the total value of oil exports.

The established prices for crude oil did not moreover vary much in nominal value between 1950 and 1970, except downward. The price of Arabian light, established at \$1.71 per barrel in December 1950, increased to \$1.93 in July of 1953, went to \$1.80 in September 1960 and to \$2.21 after the Tehran agreement in 1971.

Under pressure from the independent countries and the consumer nations, the American reference system (Gulf of Mexico price p us freight) was in effect abandoned. But separated from the marginul prices of American crude oil, Middle East oil prices were to drop, leading to a decrease in the r /alty paid by the companies, calculated for the quantities exported on the basis of the established prices. After 2 successive 18-percent drops (in 1958 and 1960), the established prices for the Middle East were lower in 1960 than they had been in 1953.

It is further necessary to stress that this was a nominal value which did not take into account the decline in the real value of the prices of crude oil per barrel.

On the initiative of Venezuela, representatives from Iran, Iraq, Kuwait, Saudi Arabia and Venezuela met in Baghdad from 10 to 14 September 1970. This was the historic meeting which led to the creation of the OPEC.

The first goal assigned to the OPEC was to maintain the prices of oil exploited by the international oil cartel at a high level, and the second

was to coordinate the efforts made by the oil-producing countries to obtain a larger part of the profits resulting from the exploitation of their own assets.

The OPEC was soon to be successful in halting the downward trend in nominal prices, but it could not on the other hand halt the decline of these prices in real terms.

Gradually, the producer states then set up their own oil companies (Baudi Arabia established the PETROHIN in 1962, and the SUNATRACH [Algerian National Company for the Transport and Marketing of Hydrocarbons] was established on 31 December 1963), which were to become very active in many sectors of the oil chemical industry, allowing these nations to improve their negotiating power with a market in the process of transformation.

An important phase began, in fact, with the great advance in the demand for crude oil beginning in the second half of the 1960s, and above all with the consensus established at the Caracas conference in December of 1970 pertaining to the need for collective action.

The cumulative production of the OPEC zone from its origin to the end of 1973 came to 119 billion barrels, representing 1/4 of the estimated reserves of the zone at that date. On the other hand, the fiscal income paid to the producers was laughable. Throughout these years, the monetary income per barrel dropped to 30c U.S., and in some cases, did not exceed 90c prior to 1971.

During the negotiations begun on 6 October 1973 with the companies, the producer countries demanded the doubling of oil prices, fully justified by the acceleration of international inflation since the Tehran agreement and the successive devaluations of the major key currencies.

The companies refused to go beyond 6c, on the instructions of the consumer countries is Europe and Japan, in particular, since it was later established that the United States would have favored an increase in prices to make its own deposits more valuable and to improve its economic position in relation to its industrialized competitors. "The idea of the need for an increase in oil prices was widely echoed within the Nixon administration."

The producer countries then decided to increase the price of crude oil per barrel from 63 to \$5.11 (up 70 percent). A second increase came about on 1 January 1974, raising the price per barrel of crude oil to \$11.65. After this major increase, oil prices increased by only very moderate amounts until the beginning of 1979. The crude oil price for Saudi Arabian light (34° API) thus increased from \$11.65 in January of 1974 to \$12.37 in January of 1976, and then to \$8.00 in June of 1979 and \$26.00 in February of 1980, the date on which the African crude oils (over 40° API) of the best quality then went to \$34.00 per barrel (on 22 May, Nigeria decided to increase the price of Bouny light quality to \$36.71 per barrel).

The OPEC oil surpluses, on the basis of the increases which occurred at the beginning of 1980, would have come to between 100 and 120 billion, according to different estimates (oil income of between 300 and 320 billion and purchases of goods and services of 200 billion), thus representing only 1/3 of the income, or approximately the same proportion as in 1974. Without, obviously, taking into account the aggravating factors—accelerated rates of inflation, more burdensome foreign debts, etc.

The OPEC countries borrowed something over \$30 billion between 1977 and January 1980. The outstanding foreign debt balance for the OPEC today is estimated at more than 70 billion, and the cost of servicing it for 1980 at 12 billion. This could moreover be increased to [illegible] because of the major increase in interest rates which has occurred recently.

The monetary surpluses of the OPEC countries have moreover been promoted to the level of a world economic indicator by Western banking and financial institutions, and in Western political discussions, there is difficulty resisting the temptation to focus blame thereon on all occasions for the economic setbacks experienced by this or that country, as Hr Sid Ahmed stresses.

These surpluses, basically, pertain in fact to only three countries: Kuwait, Saudi Arabia and the United Arab Emirates (about 68 percent of the overall income).

According to the U.S. Treasury, these cumulative surpluses totaled some \$183 billion by the end of June 1978, with 44 billion invested in the United States. The U.S. Treasury refuses however to publish the total for state bonds or investments directly held by Saudi Arabia (the monthly statistical bulletin of the treasury gives the distribution of these figures for a number of countries). And the State Department believes it justified only to publish the total figures on financial assets for Saudi Arabia expressed in dollars.

According to the author of the work on the OPEC, this state of affairs is the result of an agreement between the parties as a result of which Saudi Arabia is committed to frustrating any effort to abandon the dollar and to the pursuit of a "responsible" foreign investment policy.

Production (and thus consumption) is increasing steadily while new discoveries are problematical. And the world today is exhausting the planet's oil assets, and in particular those of the OPEC countries.

It thus would seem increasingly clear that the management of the energy demand cannot be separated from the use of the price mechanism as a tool to encourage investment in new energy sources.

The problem of the world supply of energy is moreover in fact a price problem. The potential resources of nonconventional oil, in particular, and in other energy sources are to be found in abundance, but their development is not possible except at prices higher than those of oil currently.

In addition, at a time when the threat of a possible energy shortage looms on the 1983 horizon, more than 120 billion cubic meters of petroleum gas are still being burned and totally lost in the OPEC countries. This represents 10 million tons of oil, or almost 1 1/2 times the contribution which it is hoped that the production of oil from bituminous schist and asphaltic sand and coal together will make by 1990.

For the OPEC countries as a whole, the total reserves of natural gas are estimated at nearly 22,000 billion cubic meters, which could provide an oil equivalent production of about 20 million barrels per day, or nearly 2/3 of the present oil production of the OPEC countries.

Now if the greater part of the petroleum gas produced continues to be burned and totally lost, and if the projects for the export of natural gas and CML by these countries are slowed or completely blocked, this is mainly due to the fact that the industrialized countries want to continue to live in the dream of cheap energy, and thus refuse to pay a price which will reasonably cover the cost of the investments required for gas.

Following this brief review, it nonetheless seems evident that the world is on the threshold of regular adjustments in the prices of its energy supply.

OPAEP -- Strengthening Inter-Arab Cooperation

Originally established by Saudi Arabia, Kuwait and Libya, the Organization of Arab Petroleum Exporting Countries (OPAEP) late expanded to include the countries for which oil is a "substantial source of income," but is none-theless not the only basis for the economy, as was the case originally, and there are at present nine members (Egypt excluded): Saudi Arabia, Bahrein, United Arab Emirates, Iraq, Syria, Algeria, Libya and Kuwait.

The policy of the OPAEP differs from that of the OPEC. Its goal is not to ensure the safeguarding of prices or oil income, but rather to establish cooperation among the Arab nations designed to promote their oil and economic development and to favor investments, training and technological research in the member countries.

The OPAEP thus tries to coordinate the national oil policies, to promote an exchange of information, to develop cooperation in the realme of technical research and training, as well as to perfect joint projects within the hydrocarbons sector.

A certain number of mixed companies have been created, enabling the OPARP to accomplish the task assigned to it.

The Arab Maritime Petroleum Transport Corporation (AMPTG): In 1972, the member nations of the OPAEP, desiring to transport their hydrocarbons themselves, established the AMPTG, which today has 8 tankers with a capacity of more than 2 million tons, and 2 GPL [liquid petroleum gas] transport vessels were delivered in 1979.

Today, however, the Arab fleet accounts for only 2 percent of the world tonnage while the Arab nations are the source of 30 percent of the world trade in volume.

The Arab Ship Repair Yard (ASRY): Conceived in 1968, the ASRY or dry dock project began operation in Bahrein at the end of 1977. The docks can accomplate 500,000-ton tankers. In 1978, the dock was functioning at 94 percent capacity. The 7 stockholders of the company (subscribed capital--1340 million) are Saudi Arabia, Kuwait, the United Arab Emirates, Bahrein, Qatar and Algeria.

The Arab Petroleum Investments (API) Corporation was established in 1975. Its headquarters is located in Damman, Saudi Arabia. Its capital is 1.2 billion riyals, and its purpose is the investment of Arab funds in oil projects and other related activities.

The Arab Petroleum Service Company (APSC) is the last of the companies created by the OPAEP. It is involved with the API Corporation in a drilling project and is studying the establishment of companies in such fields as seismography. In September 1979, the APSC established a drilling company—the Arab Drilling and Workover Company (ADWC)—which began its activities in March of 1980 with seven platforms.

Finally, the judicial council of the organization, which will play the role of an arbitration board among the members or between any member and a company operating in its territory is scheduled for 1980.

011, World Beenomy

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 25-32

[Article by Abdelkader Sid-Ahmed, adviser at the Ministry of Energy and Petrochemical Industries, and author of the article "OPEC, Past, Present and Future," ECONOMICA 0.P.U., Nay 1980]

[Text] "Nothing has ravaged the world economy as the 100-percent increase in the price of oil which occurred last year has done." This type of statement is frequent again in the newspapers with wide circulation as well as the specialized journals in the Western countries, as in the best days of the years 1973 and 1974. Explaining this statement, this same

commentator goes on to specify that price-fixing on a monopoly basis by the OPEC on the basis of a deliberate strategy to limit supply is a major cause of world inflation and financial instability. Thus the OPEC is accused again here of being simultaneously at fault for greater inflation, and imbalance in finances and payments. As in 1973, the fabulous financial surplus figures are set forth and it is emphasized that the transfer of assets from the oil-producing countries resulting therefrom is the greatest in this century, if we exclude the reparations which despoiled Germany and led to World War II. The OPEC countries are thus warned against the harmful consequences their actions might have on world peace. In the same vein, a noted New York market broker estimated that at current prices, the United States will in the next 5 years pay a sum for oil imports equal to 50 percent of the total value of all the companies quoted on the New York stock exchange.

A more serious analysis of the facts shows that the main responsibility for the imbalances for which the member nations of OPEC are blamed should be placed in the camp of the industrialized nations, which continue at all costs to defend an international economic and financial order the basically unjust nature of which no longer needs proof. The blaming of all of the evils in the world economy on the OPEC is designed very simply to make these countries assume a still greater part of the burden of adjustment in the world economy. In this context, a decline in the prices of hydrocarbons or at least a freeze on those prices, and the consolidation of the financial assets of the member nations of the OPEC within the international monetary system are the main goals of the action being pursued by the Western countries, which is basically represented as being disinterested and altruistic, and designed mainly for the relief of the countries in the process of development which are not OPEC members, presumed to be the victims of rising oil prices. Numerous examples are to be seen daily in the mass media in the Western countries whose development has been "slaughtered" by the "untimely" and unreasonable increases in the price of crude oil. These same media however remain silent about the profoundly inadequate nature of the existing mechanism for international monetary and financial cooperation which is the legacy of Bretton Woods, which remains structurally biased to the disadvantage of the countries in the process of development. From this viewpoint, the lack of any international mechanism for financing development represents a major lack underlying the chronic difficulties experienced by the developing countries for decades.

The responsibility of the industrialized countries for the present world economic crisis is also passed over in silence. It is obvious today however that the current economic difficulties have their origin in the adoption by these same countries of economic policies which are ill-adapted and short-sighted. Thus the monetary and financial laxism in which a certain number of countries engaged prior to 1973 underlies the stagnation which has affected the Western world for more than a decade.

A rate of annual growth in the monetary mans much in excess of the rate for production has allowed these countries to live above their means for a long time and thus to export their inflation to the rest of the world. Their refusal to adopt serious energy conservation measures and to effect the necessary changes in their economies is moreover at the origin of the sloving in their rates of growth, the decline in productivity so characteristic of the largest of them, their unemployment and unbalanced foreign accounts. Believing, after 1973, that time worked in their favor, these countries have been able, thanks to their control of international monetary and financial mechanisms, to recover oil income to their advantage, raising its real price in 1979" to a level not far from that of 1973. The almost total disappearance of the OPEC "surpluses" at the end of 1978 bears witness to this success. The structure of the placement of oil surpluses by the exporting countries clearly shows that what is modestly and wrongly called "recycling"5 was only able in the final analysis to affix the economies of certain member countries still more solidly to the Western economies, and to the greater advantage of these latter. Under these conditions it is understandable that the interminable North-South negotiations were a flasco. No tangible agreement has as yet been achieved to this day. The same basic problems remain unresolved today. The same is the case with the foreign indebtedness of the Third World, the redistribution of production activities, the financing of development, access to the resources of the IMP, the transfer of technology, tariff and non-tariff barriers, and neoprotectionism as an aspect of the administration of international monetary and financial affairs. The agreement reached on the common fund should not lead to illumions. The limited nature of the funds allocated to it can only distort this project.

"South-South" cooperation has unfortunately not been able to offer the at least temporary alternative for the countries of the Third World which it might have. The member nations of OPEC, despite the resolutions they adopted at the first OPEC summit meeting in Algiers in 1975, either did not know how to or were unable to take the steps necessary to provide the appropriate aid to the other developing countries which would have favored such an undertaking.

It is obvious that the level of OPEC aid to the Third World is not the issue here. Since 1973, this aid has come to several dozens of billions of dollars. These few examples will demonstrate, if necessary, that the problem is much more complex than those responsible for the Western economies want to admit. If one speaks of the prices of hydrocarbons, one must also mention the profits of the oil companies, the debt service, imported inflation, monetary fluctuations, the continuing recycling of the OPEC assets, the terms of exchange for the products, etc. In this connection, it is regrettable that certain member nations of OPEC have come to tolerate the constant effort to lay blame and thus to make the member countries as a whole assume a part of the burden of adapting the world economy out of proportion to their real responsibilities. The following considerations are intended to support the above contentions.

#### The Surplus Hyth

Hyths are often long-lived, and the matter of the surpluses does not seem to violate this rule, to the extent that there is refusal to learn lessons from the past. In 1974, the various projections made by reputable institutions led to estimates for the cumulative OPEC surpluses ranging from \$600 billion to \$1,000 billion by the end of the 1970s. This would imply an annual average surplus throughout the period of about \$100 billion at the least. Facts have borne out these predictions, the motivation for which was evident. It should suffice to recall that at the end of 1978, the OPEC surpluses taken overall had almost disappeared, as can be seen from the following table.

									. #
	1973	1974	19/6	1076	1977	1978	10/19	1980	10
0.46	5.0	64.2	29.7	34 4	24 3	0.6	62 0	103	
Industrial countries	9.5	-30.0	-44	17 0	73 0		34.6	==61.5	-
Majors		-116	16 4	36	-0.4	21 3	-175	45	-
Other	0.1	-193	- 20 8	-55 6	-72.6	-115	17,1	18.5	(Design
Non OPEC LOGS	-5.2	-23 6	==914	-213	-171	25.4	- 43 5	58	200
Non-ed	-3.6	-194	-24.1	-163	13 7	-209	-39 9	58.5	-
Oil expertersh	-1.6	-4.2	-73	-50	-34	-4.5	-36	-2.5	000
Comecon (CEMA)									
end Chines	-1.7	-33	-10 2	-41	-20	-6.0	-6.0	-7	Georg
Statistical									
discrepancy	-7.8	-64	16.3	12 1	17.0	90.0	21.1	23.5	1
a United States Cone Natherlands and Se			, German	y, mary U	nded King	jdom, Per	g-unit,		
Billyet Malaysia Ma	0:50 PP	The Think	ed and To	1000 000	Tunials.				

Source Aurgan Garanty Don Company

The cumulative surpluses from 1974 to 1978 did not exceed \$180 billion, instead of the minimum of \$600 billion forecast.

A number of factors underlay this development. First of all there was the considerable increase in OPEC imports as well as a very great development in volume. Secondly, there was an almost continuous decline in the purchasing power of a barrel of crude oil throughout the period under consideration. It is hardly surprising if under these conditions the

large industrialized countries showed a considerable positive current balance of about \$21.3 billion in their trade with the member nations of OPEC.

Can one foresee the recurrence of this phenomenon in the coming years following the recent adjustment which has been made in the price of crude oil? The answer is yes for the following reasons:

The oil surpluses of the OPEC countries for 1980, in view of the January 1980 increases, should come to between \$100 billion and \$120 billion, according to various estimates. Oil income, for its part, would raise between \$300 and \$320 billion U.S.6 As to expenditures on goods and services, these would approach a figure of \$200 billion. Put in another way, the surpluses would only represent a third of this income, i.e. the same proportion as in 1974.

In addition, there is reason to take into account certain aggravating factors which might deplete the surpluses even more rapidly than during the preceding period.

These are, inter alia, the following:

The acceleration of inflation in the industrialized countries, and very particularly in the United States, where the rate of increase in prices for producers and consumers has reached 18 percent on an average in the course of recent months, a rate unequaled in the preceding period.

The slowdown in economic activity in the industrialized countries seems less pronounced today than during the preceding period. One of the reasons for this is that economic activity in the industrialized countries is less well synchronized today than during the last recession. During that period, the majority of the industrialized economics arrived at a period of economic boom simultaneously. Today, while threats of recession are visible in the United States, the German and Japanese economies are continuing to develop regularly, thus decreasing the risk of simultaneous downward swing. For the zero growth in 1974 and 1975, we must substitute moderate growth for the large industrialized countries in 1980 of between 1 and 2 percent, depending on the duration of the American downswing.

Another factor is the increasing burden of the OPEC foreign debt service.

The deterioration of the terms of exchange for oil between 1974 and 1979 forced an increasing number of the OPEC countries to have recourse to foreign financing to achieve their development goals, as the following table, which pertains only to Euro-exchange used in banking, and thus excludes securities issues, shows.

		1077	1070	1978	(9)	1 Street	(11)
(2)	Pays OPEP	7,481	10,196	12,593	389	(10)	70
(3)	Algèrie	723	2,576	1,906	-		
(4)	Indonésie	817	1,118	1,061	99	62	26
(5)	tran	1.220	1,107	- 00.	000	-	
(6)	Emirats Arabes Unis	1,086	7 26	401	35	-	-
(7)	Venezuela	1.666	2.054	6,830	120	186	32
(8)	Autres	1,969	2.817	2,355	315	235	110

(12)

## Key:

- Bank credit in Euro-exchange for certain OPEC member countries from 1977 to March 1980 (in millions of dollars)
- 2. OPEC countries
- 8. Others

3. Algeria

9. January 1980

4. Indonesia

10. February 1980

5. Iran

- 11. Harch 1980
- 6. United Arab Emirates
- 12. Source--Morgan, April 1980.

7. Venezuela

Thus it can be seen that the OPEC countries borrowed more than \$30 billion between 1977 and January of 1980. To this figure must be added almost \$3 billion in the form of issues of certificates. Today, the outstanding balance of the OPEC foreign debt is estimated at more than \$70 billion, and the cost of servicing it for 1980 at \$12 billion. The substantial increase in interest rates in recent months is likely to make this service still more costly, such that it may exceed \$15 billion for 1980.

As of the present, a certain number of indices suggest that the trend of the surplus to disappear may be much speedier than expected, invalidating the minimum figure of \$100 billion for 1980 which was envisaged.

While the OPEC imports of goods and services declined by about 7 percent in 1978, because of the serious financial difficulties encountered by the member countries, including Saudi Arabia, OPEC imports of goods increased by 10 percent in nominal terms in the last quarter of the year 1979. Now it is known that the services imported by the OPEC countries (which in some cases include purchases of military equipment) are increasing more rapidly than purchases of goods. Thus the rate of development in OPEC imports of goods and services for 1980 and 1981 is estimated at 25 percent. 8 This

would have the result of limiting the total amount of the surplus expected for 1980 to about \$90-80 billion, if oil prices remain stable from now until the end of the year. Whatever this figure may be in absolute value, it remains low compared to the volume (gross) of the Euro-currency market, estimated in December 1979 at \$1,120 billion, or about 8 percent.

Moreover the Morgan Guaranty Trust Company has just revised its first estimates (December 1979) on the OPEC current account prospects for the period up to 1985. Its conclusions point in this direction given the hypothesis of the pessimistic scenario<sup>9</sup> which is regarded as the most likely.

Horgan Guaranty Trust Company -- OPEC Current Account Prospects 1981-1985

	1981	1982	1983	1984	1985
OPEC terms of exchange					
Variation in percentage -	0.0	0.0	0.0	0.0	0.0
OPEC import prices					
Variation in percentage =	10.0	8.5	8.0	7.0	7.0
OECD economic growth					
Variation in percentage =	2.0	4.0	3.5	3.5	3.5
OPEC export volume					
(Millions of barrels per day) =	26.2	25.7	25.7	25.4	25.2
OPEC import volume					
Variation in percentage -	15.0	13.0	10.0	5.0	-1.0
In Billions of Dollars					
Oil income	308	328	356	381	396
Imports of goods and services	254	311	369	415	435
Current accounts after official					
transfers	77	43	17	0	-2
Net foreign assets at year's end	404	447	464	464	462

One can immediately see that the anticipated rate of imported inflation for OPEC seems most optimistic. It will be noted however that even with this illusive hypothesis, the OPEC surpluses would disappear entirely in 1984.

It is thus not realistic to wave the specter of "fantastic" OPEC surpluses again, using it as a pretext for an appeal for "moderation" in the matter of controlling production and in the realm of prices.

## Recycling or Consolidation?

It has become customary when discussing the "considerable surpluses" of the OPEC to speak of "recycling." When their level becomes "intolerable" as is the case today, according to the industrialized countries, the specter of "recycling" is raised. According to these countries, then, there is today a real problem involving the channeling of these surpluses toward the deficit zone. It should be recalled first of all that there is no problem of recycling the assets of the OPEC as such for the good and simple reason that these assets are covered by the accounting records in the books of the large Western banks. There is on the other hand the problem of distributing these assets among the industrialized countries themselves. The strong currency countries are favored by the holders of these assets. There is, finally, the problem of consolidating the debts due the countries exporting surplus oil within the Western financial system. This problem of consolidation has become more acute with the freezing of the official assets of Iran, which strengthened the preference given holders of liquid assets.

Thus the OPEC assets were in the past automatically recycled through the European banking system, the large commercial banks, the large financial markets, the gold market, direct and securities investments throughout the world, and such multilateral bodies as the International Monetary Fund, the World Bank and the funds of the OPEC member nations and the Special Fund.

Thus at the end of June 1979, the financial surpluses invested by OPEC since 1974 came to \$181 billion. 10 These figures are approximate and do not include the OPEC bank deposits made through intermediaries or the direct OPEC investments in the Western countries.

The recovery of the dollar in 1979 and the rise in interest rates in the United States came together to strengthen OPEC bank deposits in the United States considerably.

The following table traces the origin of OPEC investments in the United States by country, and underlines the overwhelming preponderance of the oil-producing countries in the Middle East.

Distribution of Identified OPEC Surpluses From June 1974 to June 1979

	th processing.								
J	1974	1978	9178	1977	1918	For Hall	11/19 2:4 Qtr	an qu	For 1 1974 Jeen 1979
Trees the Course (1 ment)  The tree to course one  The trees of the tr	(1 4) (0.4) (4 10) (1 20) (2 20)	1 97 6 27 (** 63) (** 46) 1 7	11 62 A 12 (1 91) (-1 09) 2 9	7.40 7.40 (0.42) (1-0.87)	0 A4 0 GP (0 GB) ( 0 GB)	0 45° 0 67 (0 43) 10 500 0 3	2.13 (0.65) (1.00)	6.30 (1.210) (1.92)	37 09 31 99 (8 14) (3 42)
Condo Britains	9.8 9.9 9.9	0.2 0.2 0.0	- 1.1 - 1.4 - 0.3	0.7 0.3 0.4	0.1 0.2 0.0	1.0 0.7 <		:	8.3 8.9
Stanta han stren auter psys or jate en av sale strangenigt. Statere	22.A 13.8 9.6	0.0 0.1 3.0	12.1 3.6 6.3	3.4 7.5	3.0 = 2.0 5.0	4.4 <b>←</b> —	:	**	4.2.9 24.2 34.1
Skatres	1.0	83.4	12.2	12.4	6.6	6.4	-	50	63.0
lorge itemes to travellar stee	. 33	4.0	10	0.3	0.0	-01	no.	-	
70.1	10.00	11 67	16: 22	31.70	12 70	10.6)		64	180 09

## Key

- 1. United States (local)
- 2. Bank deposits
- 3. Deposits
- 4. Treasury bonds
- 5. Other
- 6. Great Britain
- 7. Sterling deposits
- 8. Other
- 9. Bank deposits, other countries
- 10. Foreign, British currency deposits
- 11. International bodies

How can the cries of alarm heard in recent months from a large number of Western political and financial authorities be explained, when there is every evidence of the efficiency of the recycling mechanism or the recovery of oil income launched by the large industrialized countries?

A number of reasons could be put forth.

The oil-exporting countries have finally become aware of the urgency of adjusting the production level, insofar as is possible, to the internal need for national development. In almost all of the member nations policies for conservation and limiting production are being outlined. These countries are the more encouraged since no counterpart has come along to date to compensate for the sacrifices they make each day in order to be able to meet the needs—not always essential—of the industrialized economies. On the contrary, some of them have found themselves obliged to accumulate heaps of promissory notes for years while a material which for many of them is the sole available capital was taken from them. Not only have these countries accumulated currencies which melt away like snow in the sun, but they also find themselves blamed for the evils affecting the world economy. The money has only to disappear, and the oil sheikhs are held responsible for it.

The exporting countries also see that too high a level of production in relation to exports creates a social danger and threatens social justice. 12 The freeze on Iran's official assets in November of 1979 confirmed the fears previously expressed by the exporting countries at the North-South conference about the political use of the blocking of assets. The assurances given then by the United States delegation to the countries exporting surpluses as a result seemed laughable.

The scandal represented by the substantial profits of the oil companies constitutes another important factor in promoting awareness. At the beginning of the black market speculation in Rotterdam, the oil companies were able to realize very considerable illegal profits in 1979, with the tolerance, if not indifference, of a certain number of producer countries.

In this connection it will be recalled that these profits, which had already been rising during the preceding years, increased by an average of 28 percent in 1979 in comparison to 1978. A modest veil was drawn over these results by the press, while the OPEC surpluses were tossed forth for public consumption.

Finally, the taxation by consumer countries on each barrel imported (with the exception of the United States, until March 1980) increased, beginning in 1973, rather more quickly, generally speaking, than the price per barrel paid to the exporter countries. The American tax on "windfall profits" and the similar tax proposed for the European Economic Community by Mr Brunner served to complete a whole structure oriented toward the recovery of a part of the oil income to finance the economic reconversion and energy independence of the consumer prices, at the cost of freezing the price of oil sold by the producer states. The reluctance shown by certain consumer countries to take the new energy market circumstances into account and to adapt the price of gas to that of crude oil comes within this same logic of freezing the prices paid for hydrocarbons to the exporter states.

All of these elements underlie a change in attitude of the producer countries, which are determined, in establishing the rate of their production, to take national factors a little more into account. This new state of affairs explains the panic in Western circles, which fear they will in the future have to pay its true price for energy, in the event that serious planning of OPEC production develops, which is in the vital interest of the peoples of the member nations.

In order to frustrate this possibility, "credible alternatives" have been hastily perfected since the beginning of 1979, with the compliance, unfortunately, of a small number of the member nations of OPEC. The most spectacular of these calls for the creation of a so-called substitution fund within the framework of the IMF.

#### The Substitution Account

The basic idea for this account involves making the SDR [special drawing rights] a sort of flying buttress for the dollar. The oil-producing countries would obtain SDR in exchange for their dollar credits. These operations would be carried out within the framework of a so-called substitution account which would be backed by gold. This account would be established and administered by and within the framework of the IMF. The gold exchanged by the IMF for 35 SDR would be entered in the substitution account at the market rate to provide a considerable accounting reserve. A single example will illustrate this. The IMF still has about 100 million ounces of gold. At a market quotation of 635 SDR per ounce, this represents 30 billion SDR. The existence of this cushion is needed to offset a possible drop in the value of the dollars received in exchange for assets in SDR and to offset a possible differential in the interest rates. 13 Thus

in the event for example of a 20-percent drop in the dollar, the substitution account system would make it possible to guarantee the value of \$150 billion.

By this means, the perpetual debt to the United States would be replaced, without need for repayment, by Eurodollars in 3 to 6 months.

The only problem derives from the fact that the EEC countries and Japan are in disagreement with the United States on the financing of the cushion designed to guarantee the fund. The former nations do not want to see the IMF gold entirely committed to covering the account, and are thus demanding that the United States undertake at least 50 percent of the risk. They add that this is the minimum for a project the advantages of which to the United States are considerable. These countries do not want to block the use of a part of the gold which could serve as a guarantee for a later increase in the resources of the IMF, resources of which they might have need. The United States, for its part, refuses to grant a "unilateral guarantee" for its commitments to the OPEC countries, at a time when, some authorities note, oil is the source of all of the economic difficulties of the American economy. Thus there is agreement for continual consolidation of the OPEC credit, but at the least cost.

The purpose of this account is thus entirely clear, being to have the OPEC countries finance the tremendous budget deficits of the industrialized countries. The Gulf nations are already heavy subscribers—Table 5—of American and British treasury bonds, and now they must be made to buy Italian, Dutch or German bonds. This operation makes it possible, in addition, to replace borrowers who have become less reliable (Mexico, South Korea, Philippines, Brazil, etc) with "good borrowers" everywhere.

Finally, having securities guaranteed in SDR, which theoretically cannot be seized by a national state, the OPEC surplus nations would have no further reason to pursue, or undertake, any reductions in production.

As can be seen, these operations show little concern for the vital interests of the countries of the Third World, despite the eager concern about them evidenced in the Western press in the past few months.

False Solicitude for the Third World

No one is unaware that the foreign debt of the developing countries built up well before the developments of 1973. The lack of a financing mechanism for development on a world scale, the structural deterioration of the terms of trade for basic products, are, among others, all factors which join together to lead to what some have termed a structural tendency toward foreign imbalance in the developing countries. The slowdown in the growth of the industrialized economies, the debt service which has multiplied many times for some countries, protectionism and the stagnation in nominal terms of a certain number of base products have since 1973 been

the cause of considerable deterioration in the current accounts of the developing countries which are not members of OPEC.

It is important to note at this stage however that just as OPEC has country members with considerable differences in income, the category mentioned above also includes countries whose situation is much better than that of certain oil-exporting countries.

It is a fact that the adjustment of energy prices kept artificially low leads to a certain number of dramatic consequences for a certain number of developing countries which do not have sufficient financial resources or energy alternatives to import or substitute for the needed energy.

Already faced with a major continuing imbalance in their trade with the developed countries, the countries of the Third World which do not produce oil have seen their import capacity drop dangerously in recent years. At the same time, the upward spiral in interest rates has pushed some of them toward bankruptcy. The 6-month Libor, for example, increased from 7.50 in January 1978 to 17 in February 1980. For some developing countries there is a model making it possible to assess the respective effects of the increases in oil prices and the increase in the foreign debt service in 1980 as a percentage of exports of goods and services. In fact, a Morgan Guaranty Trust study showed the impact of a \$5-per-barrel increase and an increase of 5 points in the interest rate on the current accounts of 12 developing countries which are not OPEC members. In the majority of cases, the increase in interest rates had a greater negative impact than the increase in the price of crude oil. In the case of Brazil, the impact of the rising interest rates was twice that of the crude oil increase.

Now this situation does not seem to worry the large financial institutions and industrialized countries excessively, concerned as they are for the moment basically with finding good borrowers for the OPEC assets through the substitution account. The IMF system of conditions is a hindrance to the mobilization of the upper brackets of this body's available resources by the developing countries. Thus the IMF authorities were able to announce proudly at the Hamburg meeting that the fun' was in healthy condition, since it now has more than \$20 billion in convertible assets. To the demands of the group of 24, asking among other things for the alteration of the conditions to strengthen access to the fund for developing countries, the German economic minister answered that the system should not be stripped of all its meaning.

No measure thus seems likely to be taken by the authorities of the international monetary and financial system, who never tire of asserting that the present payment imbalances are "manageable." Now the current accounts for the developing countries which are not OPEC members should come to nearly \$70 billion in 1980.

## Third World Development Agency

If it is obvious that the responsibility for financing development falls above all and mainly to the industrialized countries, which are the beneficiaries of an unjust international economic order, it is equally evident that the OPEC member nations should make an effective contribution to the other developing countries.

A certain number of factors points in this direction. First of all, solidarity. United in the same campaign to bring about a more just international economic order, the OPEC countries cannot remain insensitive to the tragic situation of a certain number of developing countries suffering directly from the increase in the debt service, protectionism and world economic recession.

Secondly there is the readily understood interest of the OPEC countries themselves. The support of the other developing countries is also important to the cause of the OPEC countries in imposing a just price for their hydrocarbons on the industrialized countries. From this point of view, the differences which have plainly come to light since the Manila UNCTAD Conference in the camp of the developing countries can have serious consequences for the oil-exporting countries.

The support of the other countries in the Third World is as important to the OPEC countries as the oil lever in the battle undertaken by the South against the North with a view to a new international economic order. In this basic campaign, the OPEC countries are on the receiving end an developing nations. It is dictated by their basic interests that the suitable solutions be rapidly provided to problems as diverse as access to markets, the transfer of technology and participation in the administration of international monetary affairs.

The strengthening of South-South cooperation is a basic factor in improving the negotiating power of the South with regard to the North. The strengthening of trade which the agency would encourage, for example, would result in the launching of a new redistribution of production activities to the benefit of the developing countries, through a change in the existing international division of labor.

The freeze on the official assets of Iran has underlined the need for a greater diversification of the OPEC assets. It also underlines the erroneous nature of the thesis often advanced as to the existence of higher risks to investment in the developing countries than in the industrialized countries. When provided by the effective guarantees such an agency would provide, the assets of the OPEC countries could contribute to the advance in other developing countries instead of basically profiting the industrialized countries, which are totally unconcerned with the situation in the Third World.

This agency could become the nucleus around which a vant capital market for the developing countries could be organized, which would greatly reduce the sometimes negatious role played by the large international financial bodies. These bodies in fact often do not hesitate to impose political conditions on the allocation of their resources, political conditions which have nothing to do with the rational management of the funds granted. To date the considerable aid provided by the OPEC nations to the developing countries, in particular through the Special Fund, has disappeared into the overall aid provided by the countries of the development aid committee. The generalization of the practice of cofinancing with the World Bank or the European Investments Bank has led in practice to ascribing the benefits of the aid contributed by the OPEC countries to these bodies. It has also had the consequence of subjecting the development projects of the requesting countries to the evaluation criteria of these bodies, criteria which do not always correspond to the real situation of the developing countries. In addition, these criteria do not take the collective desire of these countries for autonomy into account.

It is thus to be hoped that the aid contributed by the OPEC nations to the other developing countries can serve first of all the goals adopted for themselves by the countries in the Bouth, and that it can truly be differentiated from that contributed by the industrialized countries. The Third World development agency, proposed within the context of OPEC by Algeria and Venezuela, represents a specific response to this concern.

In the view of the industrialized countries, it is the duty of the oilproducing countries to satisfy the needs of the world economy for hydrocarbons,
which to the extent of 90 percent are their needs. This safe supply should
moreover, according to these countries, be guaranteed at the lowest possible
price. Certain OPEC nations have allowed themselves to be won over by this
argument, and as a result are maintaining the prices of the crude oil at
artificially low levels. This is the case with the present OPEC crude oil
used for reference. Such a situation is reflected in a dead loss of about
\$40 million a day for the producer countries involved, to the greater profit
of the oil companies, whose excessively burgeoning profits are regarded as
normal.

This is an inexplicable situation, when it is realized that the OPEC has agreed to extremely burdensome investments in order to ensure future satisfaction of the needs of the world economy for hydrocarbons. Thus it is paradoxical to see the member nations maintaining the prices of their crude oil at an artificially low level. Good sense and equity would dictate that the considerable effort invested in the exploitation and processing of hydrocarbons by the member countries should also be shared by the international community which is the primary beneficiary therefrom.

The report of the Brandt Commission noted, in this connection, that "the mutual interests of the consumer and producer nations in the development of mineral resources requires the establishment of new financial

arrangements . . . . A new financial facility the main function of which would be to supply financing on a concession basis for mining exploration should be set up on the basis of overall responsibility for investment in mining development." Hydrocarbons seem especially well placed to benefit from such a facility, which could be developed within the framework of the World Bank, for example. Apart from the OPEC member nations, it would also benefit the other developing countries.

All of these realities dispel the myth of the Manichean role played by the OPEC in the world economy. By sounding the alarm where world energy prospects are concerned, struggling to assess energy at its true cost, and appealing for a campaign against waste and the adoption of effective energy conservation policies, the OPEC countries are showing their sense of responsibility in connection with the world economy.

#### **FOOTNOTES**

- Hobert Roven, "Time to Make a Dual With OPEC?", INTERNATIONAL HERALD TRIBUNE, 16 April 1980.
- 2. Ibid.
- Don Oberdorfer, "Oil Spiral Sets Stage for Perilous Decade," INTERNATIONAL HERALD TRIBUNE, 17 April 1980.
- The same reasoning obtains for gas, the developments in which consection have demonstrated the anachronistic nature of the indexing clauses.
- 5. It is of cosmolidating assets in the Western system that one should speak.
- 6. Paribas, "The Situation," BULLETIN ECONOMIQUE, April 1980, No 4, pp 52-53.
- 7. The real gross national products of these 2 countries increased at annual rates close to 3 and 5 1/2 percent respectively in the 4th quarter of 1979. The estimates for 1980 are 2 1/2 percent and 4 1/4 percent, respectively, Morgan Guaranty Trust, WORLD FINANCIAL MARKETS, March 1980, pp 3-4.
  - 8. WORLD FINANCIAL MARKETS, op. cit., p 4.
  - 9. Optimistic for the industrialized countries.
- Sherif Ghalib, "The US Gets the Oil Honey Back," EUROHOWEY, April 1980, pp 119 and 127.

- 11. See for example the article by the banker Minos Zombanakis, "How to Handle the Payments Deficit," BUSINESS WEEK, 7 April 1980, p 18.
- See for example the article by the present Saudi Arabian minister of finance and national economy, "The Oil Price in Perspective," INTERNATIONAL AFFAIRS, Vol 55, October 1979, No 4, p 329.
- 13. For further details see the IMF Report of the Board of Directors to the Interim Committee on a Substitution Account, Document ICMS/Doc/80, 3 francs, and Robert Pringle, "Mapping Out the Role of an IMF Substitution Account," THE BANKER, March 1980, pp 23 and 28.

Energy, Global Negotiations

Algiera REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 33-35

[Article by Tahar Hadj-Sadok, adviser at the MEIP [Ministry of Energy and Petrochemical Industries]]

[Text] On the initiative of the developing countries, the principle having been laid down during the nonalined summit meeting in Havana, the United Nations General Assembly adopted a resolution on the organization of global negotiations to attack the main international economic problems, seeking thereby to reorganize the world economy. The field for these negotiations was defined, and five main fields were included therein: raw materials, energy, trade, development and financial and monetary questions.

It was necessary to include energy in the scope for these negotiations in order to persuade the industrialized countries to take up negotiations again following the failure of the majority of the recent international meetings. In order to foresee the role energy problems might play in these negotiations, it serves some purpose to recall what happened in this connection in the course of earlier negotiations at the Conference on International Economic Cooperation held in Paris in 1976 and 1977.

The Experience at the Conference

In response to the desire of the industrialized countries to organize a conference on energy, the developing countries set as a condition for their participation the requirement that international negotiations must take up the complex of questions pertaining to the establishment of the new international economic order, the principles of which had been set forth in 1974 during the sixth special session of the United Nations. The conference on international economic cooperation was thus organized into four commissions: energy, raw materials, development and financial affairs. It soon became clear that the industrialized countries were focusing effort on the energy commission and reacting in very disappointing fashion to all of the efforts of the developing countries in the other sectors. The arguments of the

OECD countries in the energy commission came down to accusations that the OPEC countries had abusively increased oil prices and were thus responsible for all of the evils in the world economy. Moreover an effort would be made if necessary to make them see reason by reestablishing abundant and cheap energy through the accelerated development of other sources, such as nuclear power (at \$7 per barrel, oil equivalent) or bituminous schist (at \$8, it was said). But they were urged to return to the proper path themselves, for such programs would represent a regrettable misdirection of financial resources for the world economy. There was moreover insistence on the establishment of a mechanism for continuing consultation on energy within which it would doubtless have been possible to discuss at length the urgent need to increase the production of oil and the impossibility of any price increase. The simple maintenance of oil prices in real terms was then regarded as likely to introduce intolerable rigidity in the world economy and to constitute a major cause of inflation.

After a year and a half, the conference on international economic cooperation ended in failure, having reached no agreement of any real scope. At most, the principle of a common fund for raw materials was confirmed there, but 3 years later, it is still awaiting effective implementation.

Thus where energy is concerned, the conference on international economic cooperation hit two snags: the myth of the return to cheap energy and the desire to isolate the energy question from other major economic problems, contrary to what had been agreed during the organizational phase of the conference on international economic cooperation.

# The Myth of Cheap Energy

The period which has elapsed since then has confirmed the illusory nature of the possibility of a return to cheap energy. Despite the increases in oil prices, which have gone far beyond the threshold on the basis of which the Western delegation claimed it possible to put alternative energy sources to use, the development of sources of energy which can really replace hydrocarbons has still not been seen. All of the studies published agree that even given the hypothesis of a major effort to reduce consumption, the demand for hydrocarbons will continue to be potentially higher than the total production capacity. Substitute energy sources are proving costly and slow to develop.

The oil in the North Sea and Alaska, to which many references were made at the time of the conference on international economic cooperation, are now being exploited, and if they are contributing to world supply, they have not drastically altered the market at all, any more than the discoveries in Mexico, which were also cited as likely to reverse the market trend, have done.

In the field of nuclear energy, which seemed to be competitive for the production of electricity, and thus its speedy development was expected,

the prospects have been revised downward to a speciacular degree, as a result of the risks ascribed to it, which the Harrisburg accident serves to demonstrate are not imaginary as some would like to claim. It is not known if the lost impetus can ever be regained.

Bituminous schist and asphaltic sand came onto the scene late. Despite optimistic statements, the investments in these sectors remain limited, and for the time being there are only experimental facilities, the future of which hardly seems certain.

Coal seems promising. But rapid expansion in classic methods of exploiting it come up against a number of bottlenecks: insufficient transportation infrastructure, manpower problems, the ecological question. Techniques for liquefying and gassifying coal would require further major investments to develop and perfect them. Actual production costs still appear to be too high to be practicable.

As to renewable sources of energy, although they are seductive in terms of their ecological advantages, they could not between now and the end of the century meet more than a very small part of the energy needs.

The solution to energy problems will not thus be found in a return to abundance and waste, but on the contrary will involve a combination of programs leading to:

Making hydrocarbon resources last by a major conservation effort;

Developing new reserves through an intensive prospecting effort; and

Accelerating the development of substitute energy sources.

The efforts in these three directions can only be carried out within a context of rapid alignment of oil prices to the cost of alternative energy sources such as to:

Stimulate energy-saving efforts;

Make high-cost oil deposits profitable; and

Make the development of substitute energy sources possible.

If the premise that oil prices must increase to allow the development of alternative energy sources is accepted, the fact remains the important step is the effective implementation of a vigorous program of conservation of hydrocarbons and development of the world energy potential.

Energy Cannot Be Isolated

A second difficulty which global negotiations are likely to encounter is the effort on the part of the industrialized countries to deal with the energy problem separately.

Such isolated treatment, in the view of the Third World countries, is tactically absurd.

It seems obvious in fact that the insistence of the Western countries on dealing separately with energy and on reaching a settlement of this problem rapidly is mainly a reflection of their desire to resume control of a sector in which to some extent they have lost the power of decision since the OPEC countries have been able to determine their production policy and oil prices.

One can hardly imagine that these countries would abandon the gains achieved after a bitter struggle, nor, more generally, that the countries of the Third World would surrender their main trump in negotiation by agreeing to the settlement of the only problem in which their decisions are important, while the problems they have encountered in their efforts to develop, the solution to which depends for the most part on the desires of the developed countries, remain unsolved. What would the North-South dialog look like if the South were to abandon its only trump and surrender its only stock in trade?

In addition, separate treatment of the energy question is not feasible in practice. In fact, no energy prospect can be established independent of the prospects with regard to various aspects of the economy. It is not possible to predict energy demand, for example, without examining what industry will need, and thus taking up the problem of the industrialization of the Third World, or again the needs of agriculture, leading to consideration of the problem of farm aid to the developing countries. Similarly, now that the principle of maintaining the purchasing power of oil is a working hypothesis on which the majority of the studies published in the industrialized countries are based, any encouragement of inflation or instability in the rates of exchange will have serious repercussions on the energy sector. It suffices to recall that the oil price increases in 1979, sometimes regarded as involving a risk to the stability of the economy, were but the reflection of the reestablishment to a certain extent of the 1973-74 purchasing power. Thus it can be seen that the interrelations between energy and other aspects of the economy prohibit any separate treatment of energy problems. This point of view should not moreover surprise the Western countries, which have always based their urgent insistence on agreement in the energy sector precisely on the links between this question and the state of the world economy. But it would seem that this interrelation, invoked to oppose increases in prices when only situational phenomena are taken into account, takes on a different meaning when placed in the perspective of structural problems and long-term needs.

Thus the role of energy in overall negotiations would seem to be that of a sector which is indeed important, but which cannot be examined in isolation from the other economic problems.

Success in global negotiations would mean undertaking a veritable reorganization of international economic relations to the benefit of the developing countries, and guaranteeing the world economy a long-term energy supply through the timely development of new energy sources. In this way the world community could embark under proper conditions upon the 21st century, the post-oil era. Failure would mean the maintenance, increasingly unacceptable, of the present status quo.

Energy Alternates, Gas

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 36-37

[Article by A. Mezaache, deputy director of the MEIP, and T. Gati, head of an MEIP mission]

[Text] The majority of the world energy experts, and in particular those of the Western countries, speak of the occurrence during this decade of an "energy crisis." This "crisis" is mainly manifested in terms of an inadequate supply of crude oil in relation to demand, in the global energy balance.

According to these sources, the global oil deficit will come to about 5 million barrels per day (or 250 million tons) by 1985, and it could be double that toward 1990. It should be noted that the greater part of the deficit will occur in the industrialized countries, which are major importers and consumers of energy.

These same countries, along with recourse to an energy-saving policy which the oil exporter countries have moreover urged of their own accord, plan the substantial development of other complementary energy sources, particularly those most likely to make up the energy deficit foreseen.

Complementary Energy Sources

Nuclear Energy

The acceleration of nuclear energy development programs in the Western countries is coming up ever increasingly against growing internal opposition because of the dangers it is claimed the implementation of these programs would pose for man and his environment (for example, the Three Mile Island accident in the Unite. States in 1979).

Moreover, it should be noted that this form of energy cannot replace crude oil in all its applications. In addition, the overall lag time for the

installation of nuclear plants is about 10 years, such that this alternative source cannot cover the predicted deficit in this decade.

### Coal

This form of energy, neglected in the recent past because of the low price of oil, is today experiencing a resurgence of interest because of the considerable size of the reserves surveyed in the industrialized countries. However, because of the rigidity of the existing industrial apparatus, recourse to the use of coal on a larger scale is dependent, apart from the thermic power plants for the generation of electricity, on its prior processing into liquid or gas products which can replace oil or natural gas. Now the technological processing methods are currently in the stage of industrial experimentation on the level of pilot plants, the commissioning of which will not occur until between 1985 and 1990. Because of technological difficulties, the environmental problems posed (pollution, destruction of the landscape at mine sites, substantial water consumption, etc) and the sizable investment required, the exploitation of coal in this form cannot contribute significantly to reducing the deficit before the end of the century.

### Non-Conventional Oil Resources

Non-conventional oil resources include the deposits of bituminous schist and asphaltic sand found in large quantities in the world.

These substances can, following suitable processing, result in the production of liquid hydrocarbons. However, as with coal, the exploitation of these resources on a large scale poses difficult problems linked with environmental protection and the enormity of the investments required for the development and industrial utilization of the production technology.

Moreover it should also be noted that the technological procedures used consume considerable quantities of water which it would be difficult to obtain.

### Renewable Energy Sources

This category includes hydroelectric power, solar energy, wind power, biomass and geothermal energy.

Where hydroelectric energy is concerned, the observation should be made that the majority of the favorable sites to be found in the Western countries have already been developed, which will probably mean a decrease in the future in the role this kind of energy plays in the energy balances of these countries.

Solar and wind power and bioenergy (biomass), although possessing an important potential, do not yet offer the likelihood of a significant

contribution for the majority of energy uses, with technology in its present stage. Moreover, these types of energy suffer from an economic handicap linked with their scattered nature (the need for numerous installations to bring together a substantial volume of power). This situation justifies the conclusion that unless major technical advances, which are basically unforesceable, come about, the contribution these forms of energy can make by the end of this century will be negligible. The same is the case for geothermal energy, the utilization of which on a large scale would depend on the discovery of numerous favorable specific sites, which has not occurred up to the present time.

### The Role of Gas

From what has been said above, one must conclude that these forms of energy will not be able to make up the world energy deficit in the medium time range. Natural gas, on the other hand, because of the sizable reserves which can be mobilized, represents a transition source of energy which could provide a viable solution to the problem. The launching of the development of international trade in gas in these last few years strengthens the position of this source as a temporary solution.

In fact, international trade in natural gas totaled 157 billion cubic meters in 1978, up 7.5 percent in comparison to 1977.

In oil equivalent terms, this figure comes to a little more than 10 percent of the oil trade reported for that same year at 1,460 billion tons. These facts justify the statement that although increasing, international trade in gas remains marginal in relation to oil while the known world reserves of gas are equivalent to those of crude oil (436 billion oil equivalent barrels, or BEP). In addition, if the gas associated with crude oil production were not burned, the gas resources available for marketing could be increased by 2 million BEP per day. Moreover, if all of the gas reserves of the OPEC countries alone were put to use, this last figure could be multiplied tenfold.

In fact, the natural gas reserves of the OPEC countries were estimated at 170 billion BEP at the end of 1978, so that the exploitation of these reserves could contribute in substantial fashion to covering the world energy deficit in the medium time range, the more so since neither the technology used nor environmental protection problems represent obstacles to its development. Rather, the advantages gas offers (cleanliness, ease of use, greater thermal efficiency, etc) give it a privileged place among the forms of energy. Also the prospect of the establishment of commercial GNL chains, with the highly sophisticated technologies they involve, both with respect to the processes of liquefying and regassification and in the realm of means of transportation (methane tankers are in fact veritable floating factories), on the one hand, and the sometimes tremendous distances covered (about 13,000 kilometers between the Indonesian liquefaction unit

and the receiving terminal on the west coast of the United States), on the other, provides convincing evidence of the general recognition of the superiority of gas fuel on the quality level.

But this recognition of the superiority of gas on the quality level has not led, as it should have in all logic, to recognition of the need for a price per thermal unit at least equivalent to that for oil (and eventually those of the resources which may replace it).

While the investment costs involved in processing GLN in all its stages (liquefaction, transportation, storage and regassification) are estimated at five times what crude oil requires, the prices accepted per thermal unit of gas continue to be comparable to those for heavy fuels, that is to say the least processed of the refined products which pollute the most.

The perpetuation of this in fact extremely abnormal situation would be ever more flagrantly at cross purposes with the goals of developing the international gas market as a solution to the problems of deficit in the world energy balance. However, it is to be feared that we have already reached the critical point when it comes to a decision on prices, in view of the time periods required (7 to 10 years) to put a commercial gas exporting program in operation, if we want to reap its fruits by the end of the decade.

In fact, the high cost of developing gas-yielding reserves in comparison to the low present level of international gas prices provides the potential gas-exporting countries (mainly the OPEC countries) with no incentive to relinquish this precious resource by embarking upon export projects.

The hesitation of certain importer countries can only make the future prospects of poverty in terms of energy which hover over them more acute.

### Natural Gas

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 38-40

[Text] "There was never any question of suspending or interrupting deliveries of Algerian gas to France."

"It was at the request of the American company (El Paso) that gas deliveries were interrupted."

"We will not allow gas to bring less in Algeria than it does in Mexico or Indonesia," Mr Balkacem Nabi, a member of the Central Committed and minister of energy and petrochemical industries, stated recently. Lo not the shadow of oil, natural gas has been the focus of increasing 1. a. t for several months. The subject does not involve the national econom. Situation alone, for some time ago, the Iranians halted their gas exports to the

Soviet Union and more recently, the government of the Netherlands threatened to suspend its gas exports to other European countries if it could not obtain a substantial increase in price.

Currently, Washington is in practice playing the role of negotiator in the establishment of prices for the gas imported by the United States. In view of the new conditions created by the crude oil market, the logical consequence of which is a legitimate increase in the prices for natural gas, an exhaustible asset, a new phase in international trade is in the process of developing in the gas sector.

If crude oil and the use of its byproducts are known to the public at large, there is less familiarity with natural gas. Is there not, therefore, justification for asking questions about the conditions which made possible the development of this industry, as well as the intrinsic potential for processing it has?

Origin and Composition of Natural Gas

The organic origin of natural gas is beyond question today. Natural hydrocarbons come from organic matter mixed with sediment from the seas, lagoons and lakes of past eras.

In the crude state, it is a mixture of hydrocarbons the main component of which is generally methane. But it also contains, in smaller quantities, ethane, propane, butane and very small quantities of heavier hydrocarbons, carbonic gas, sulfur and sulfur compounds, water and sometimes helium.

Natural gas may be found in different forms, depending on conditions in the deposit. It may be found in association with oil or not. For example wher the above oil in the form of a gas pocket, or when it is totally dissolved in that oil, separating from it as it rises in the well pipe, it is called petroleum gas.

If it is entirely free under reservoir conditions, it is then liberated gas.

if during extraction it does not lend itself to the formation of liquid hydrocarbons (condensate) it is called dry gas. In the opposite case, it is called wet gas.

Algerian natural gas comes within the category of wet gases rich in condensates.

At the beginning of the oil era, the natural gas produced in the world was of the petroleum gas type. The zones of consumption being distant from the deposits, and transportation by pipeline being very costly, it was either reinjected to maintain pressure in the oil wells, or simply flared off at the well.

This was during the era of cheap energy and waste.

Birth of an Industry

Natural gas did not begin to see real development until a few decades ago, although its use dates back more than 2,000 years in certain regions of China, where methane, transported through bamboo pipes, provided lighting for noble residences. In fact, it was not until the end of the 19th century, in connection with the drilling of oil, that natural gas was discovered. It was in the United States, where expansion was in full swing, that the gas industry was to be born.

At the beginning of the 20th century, consumption increased as a function of demography, and then World War I gave a vigorous impetus to the gas industry in the United States, the only country capable of supplying Europe, which was entirely oriented toward armaments, with industrial goods.

Gas might then have been the energy source of choice for industry, but it was oil which was to play this role, partly because natural gas production was linked with that of oil, and its transportation by pipelines was much more costly than that of crude oil, and on the other hand because the large industrial consumers preferred to use coal and heavy fuels, which were then cheaper.

The only way of developing the natural gas industry was to guarantee the consumer a relatively low and stable price. Heavy capital was then invested in very substantial transportation and distribution capacity, gas companies were established and by virtue of the National Gas Act of 1938, the Federal Power Commission was entrusted with supervision of gas pipeline transport. It established the low price limits of a producer state for a consumer state in the United States.

Phenomena related to rapid urban development and the almost free availability of gas were to allow the development of a large-scale market.

The development of world gas consumption, until the 1950s, was in fact to reflect consumption in the United States. In 1950, the quantity marketed had reached a total of 195 billion cubic meters, or 168 million oil equivalent tons (TEP). It subsequently increased considerably, from 465 billion cubic meters in 1950 to 1,080 billion in 10 [sic], and 1,455 billion (1 billion 250 million TEP) in 1978. In other words, the figure practically doubled every 10 years.

The advantages of natural gas, which lie in its very great heating capacity, and above all its cleanliness, have made of it, as can be seen, a more and more valued and wanted source of energy.

A Particularly Suitable Source

The chemical composition of natural gas wholly dictates its thermal capacity (amount of heat released by the combustion of a given quantity of this gas).

Since the variety in composition is very great, the heating capacity varies from 5,000 kcal per cubic meter for the poorer gases to more than 12,000 kcal per cubic meter for the richer ones. Algerian gas has a thermal capacity of 9,300 kcal per cubic meter.

Since the beginning of this century, natural gas has become, first in the United States and more recently in Europe, a leading fuel. The individual private consumer sees a number of advantages in gas: it can be used equally well in the kitchen and for heating, and for heating premises, it is the most efficient primary energy source. No special installation is needed to vaporize it prior to use. It is immediately available, in the exact quantity desired, and finally, it requires no storage and is clean.

The industrial user sees in gas the same advantages, even more important to him in terms of the lack of any need for storage and the simplicity of the burners.

The greater part of the 1,455 billion cubic meters marketed internationally in 1978 was used for energy purposes.

The role of natural gas in the world energy balance has increased rapidly since World War II, from 9.8 percent of the total energy consumption in 1930 to more than 18 percent in 1978.

The heaviest consumption regions are North America, accounting for more than 44 percent of world consumption in 1978, followed by Eastern Europe, with 29 percent, and Western Europe, with 15 percent.

Algerian consumption, totaling about 5 billion cubic meters, accounts for barely 0.4 percent of world consumption. However, it has been increasing since 1974 at an average annual rate of 14 percent.

A large part of what is consumed (20 percent in Europe) goes for the production of electrical energy. The remaining so-called "final consumption" is distributed in three large sectors:

The residential sector, which includes individual and collective domestic uses, basically heating;

The tertiary sector, which includes trade, community facilities and agriculture (heating of greenhouses and drying of grain); and

The industrial sector, made up of the metallurgical, chemical and petrochemical industries.

In the OECD countries, the tertiary sector accounts for 16 to 18 percent of the final consumption, the residential sector 34 to 38 percent, and the industrial sector 44 to 50 percent.

In Algeria, 75 percent of the domestic production of natural gas in 1978 was channeled to liquefaction plants. The balance of the production was shared by electric power plants (38 percent), industry (40 percent) and the residential sector (22 percent).

Thus due to its specific advantages, its role in the planet's primary energy, and the dynamism of its growth, natural gas is one of the major present energy resources. But apart from meeting the energy needs of mankind, natural gas, like oil, represents a raw material of choice for chemical manufacturing.

## A Noble Use--Petrochemistry

The development of other forms of energy (nuclear, solar, etc) contributing basically to the production of electricity should in the long run encourage the most "noble" use of gas, reserving it for a vital sector of the world economy-petrochemistry.

The establishment of a petrochemical industry based on natural gas depends essentially on the composition of the deposit. It is on this basis that later processing is carried out.

For example, wherever natural gas is composed mostly of methane and does not contain condensable hydrocarbons, it represents a raw material for the production of the so-called "synthetic" gases, based on ammonia, methanol and acetylene chemistry. There are countless uses for these products.

More than 80 percent of the ammonia in the world is used for the production of nitrate fertilizers, the other 20 percent going into the production of synthetic fibers (acrylics and polyamides) which go into the manufacture of clothing, cord for tires, decorative fabrics, carpeting, etc.

Hethanol, for its part, is an important intermediary agent for a number of synthetics, and is used in particular in the manufacture of urea-formaldehyde resins, glues, and various additives, in particular as an anti-knock ingredient for gasoline, or again directly as a fuel.

Finally, acetylene, known to all because of its use in oxyacetylene torches, is also a basic substance in the manufacture of plastic materials, among others acetic acid, which is widely used in the synthetic and artificial textiles industry.

Although the majority of the deposits fall into the category of dry gases used in methane chemistry, the deposits of wet gases and petroleum gases,

because of the high level of their higher hydrocarbon content (ethane, propane, butane), are a source particularly well adapted to the production of the major monomers on which petrochemistry is based.

Thus in all of the countries which have major deposits of wet gases (U.S., Mexico, Algeria, Iran) natural gas and condensates are used for the purpose of producing ethylene, propylene and butadiene.

We are familiar with all the products obtained from these three compounds, unknown to our grandfathers when they were our age. They include the practically unbreakable plates, bottles, records and glasses which are equally resistant to heat and the effects of acids, easy to shape and lending themselves to the most unique designs. Thanks to their remarkable physical and chemical properties, these synthetic products can replace practically all the materials used before they were developed: metals, wood, glass, textiles. We would mention in particular the following:

Polyethylene, a flexible, colorless resin used in the manufacture of flexible flasks, basins, pails, milk bottles, packing items, film, etc;

Polyethylene, the most recent material, used in the production of household articles, toys, stoppers for bottles, film, fibers for rugs and carpets, woven sacks and cord;

Polyvinyl chloride (PVC), a hard, brittle and colorless resin, is certainly one of the most widely used plastic materials. This resin, rendered plastic by suitable treatment, can be used in making pipe, faucets, shower curtains, raincoats, sheathing for electrical wire, floor coverings, adhesives and other products; and, finally,

Polybutadiene, which is the basic component in synthetic rubbers, particularly for tires and inner tubes.

All of these products are manufactured all over the world. The vast quantities of gas consumed in the United States for energy purposes have made the separation of ethane and propane advantageous, thus making the development of a petrochemical industry based essentially on gas possible.

In Western Europe and Japan, the use of natural gas in petrochemistry, which was practically nil in 1960, is becoming increasingly important as gas becomes available.

The developing countries, in particular the producer countries, plan to base their petrochemical industry in part on the utilization of petroleum gas. In Algeria, natural gas supplies the Arzew and Skikda complexes, thus making possible the production of armonia, methanol, resin, fertilizers, polyethylene and polyvinyl chloride.

Among other uses for natural gas, we should mention those in the metallurgical industry, where it is used as an auxiliary fuel in classic blast furnaces, as a raw material in the direct reduction of ores, and in underwater oxyacetylene torch work. It will also be recalled that the carbon black used in the production of pigments for inks and paints, or as a strengthening charge for rubber, was first produced from natural gas.

Thus, because of its potential uses, gas, like oil, is an important factor in the development of the processing industry. The OECD countries, with constantly increasing needs, are having ever-greater recourse to massive imports of gas, by means of both methane tankers and gas pipelines. The economic solution of choice for maritime transport over great distances is natural gas in its liquid form.

## Liquefied Natural Cas

In 1964, with the first such plant in the world (Arzew), Algeria has been engaged in the liquefaction of natural gas. The substantial ratio between the volume of gas and the volume of liquid (600/1) made the idea of storage and transportation of gas in the liquid state at a very low temperature (-16° Centigrade) attractive.

At present, giant methane tankers with a capacity of 130,000 cubic meters of CML are in use. These vessels can hold the equivalent of 78 million cubic meters of natural gas. These are enormous quantities.

By way of example, let us note that a single vessel can carry the quantity consumed in almost 4 days by a city of more than 3.5 million inhabitants, such as Chicago.

The regassification of this CNL at the receiving terminal makes it possible, in addition to the classic applications of the gas, to recover the refrigeration value and make use of it in various sectors.

In Japan, CNL refrigeration is used for the liquefaction of air, nitrogen, argon, the production of solidified carbonic gas (dry ice), the cooling of cold storage facilities for preserving foodstuffs (fish, meat) in frozen form. Research on the use of this refrigeration value in the desalinization of sea water, and also for the crushing of materials, is underway.

Another future possibility for liquefied natural gas is its use as a fuel for engines. It is of interest, because of its special qualities, particularly the fact that it produces only minor emissions of substances which pollute. The use of GNL in turbine engines, trains, motor-driven apparatus, maritime transportation and trucks, as well as planes and helicopters, has been proposed.

GNL offers greater safety, for it (methane) is the least flammable hydrocarbon. It is neither toxic nor corrosive nor does it contaminate. On the other hand, it requires larger tanks than those traditionally used.

A list and description of all the possibilities for using natural gas would require more than a book. In entire regions, it supplies factories and heats homes.

Artificial textiles, plastic materials, detergents and thousands of products for daily use have been discovered by hydrocarbons chemists.

And if the substitute energy sources, through an adequate natural gas price policy, must in the long run take over, then the more rational use of gas will become possible.

For example, if the latest procedures developed for the production of propane from methane could be developed on a large scale, then natural gas could make an important contribution to the solution of the hunger problem in the world.

### International Gas Market

Algiers REVOLUTION APRICAINE in French 6-12 Jun 80 pp 41-42

[Article by A. Mezaache, deputy director at the Ministry of Energy and Petrochemical Industries]

[Text] If it is unanimously acknowledged today that gas represents the most realistic alternative likely to facilitate the transition between the end of the abundant oil era and the beginning of the era of non-traditional energy sources, natural gas policies nonetheless continue to be characterized in certain Western consumer countries by an equivocation which is reflected in the present level of international trade in natural gas. In fact, although it has doubled in the course of the last 30 years, reaching 20 percent in 1976, the role played by natural gas in primary world energy consumption still remains very modest in relation to the known present reserves, which are equivalent to those of crude oil. This dispreportion is further illustrated by the fact that the development of the gas reserves is currently characterized by a ratio of known reserves to annual production of 47, while the oil ratio is 29 (this ratio expresses the duration, or average life of the reserves, at the present rate of production). It should be noted that the greater part of the gas reserves discovered (Middle East) were found as a result of exploration efforts undertaken to find crude oil. These reserves are likely to increase in significant fashion, if a better valorization of natural gas prices is adopted. This would result from a stimulus to exploration efforts,

Present International Gas Trade Situation

In 1978, world gas exports came to nearly 160 billion cubic meters, or only 10 percent of world production (1,600 billion cubic meters), while international trade in oil accounted for almost half the production.

Gas exports are effected in the form of "gaseous" natural gas or in the form of liquefied natural gas. However the latter accounts for only about 16 percent of the total export volume mentioned. The balance, or about 84 percent, is in the form of "gaseous" natural gas. Put in another way, the greater part of the exports are effected basically by gas pipelines. This situation gives the international gas market its compartmented nature, with clearly defined and fixed exchange trends. The specificity of gas, the advanced technology needed for its exploitation, transportation and processing, as well as the high investment costs it involves, explain this compartmentalization.

The exporting country must necessarily rely on guaranteed markets and sufficiently remunerative prices. Importing countries must also be able to count on certain sources of supply.

The main countries exporting gaseous natural gas are:

The Netherlands, which, with 45 billion cubic meters in 1978, or about 29 percent of the world export volume, remains the leading export country. A clear public opinion sector is developing in this country, however, favoring reduction of exports and the reserving of domestic production (90 billion cubic meters in 1978) to meet domestic needs in the long run, despite the extent of the known reserves (1,660 billion cubic meters as of 1 January 1979) still available for its use, which would provide for its present level of consumption for 37 years, i.e. for a period fully sufficient to allow substitution.

The USSR ranks second among the exporting countries, with 32 billion cubic meters in 1978 (i.e. about 20 percent of the total world exports).

But it must be emphasized on the one hand that this country's exports are of an entirely marginal nature in relation to its domestic production, which came to 372 billion cubic meters in 1978, and on the other hand, that if this country's imports of gas are taken into account, the net exports are reduced to 20 billion 300 million cubic meters, or a percentage of 5.5 percent of its production.

Canada ranks third, having exported 26 billion 300 million cubic meters in 1978 (or about 17 percent of the world export total), out of a total production of about 72 billion cubic meters for that same year.

Norway ranks fourth, with 13 billion 500 million cubic meters (or about 9 percent of the total world exports). Practically all of this country's production is exported.

These 4 countries alone thus account for nearly 75 percent of the world exports of natural gas. If we add to them Iran, which with 850 billion cubic meters provides 5 percent of the total, it is clear that only 5 countries control almost 80 percent of the gas deliveries on the international market, or 125 billion cubic meters. The balance, or 32 billion cubic meters, is distributed as follows:

Seven billion cubic meters of gaseous gas provided by five countries; and

Twenty-five billion cubic meters of liquefied natural gas provided by six countries, which were as follows in order of importance in 1978: Brunei (7.3 billion), Algeria (6.4 billion), Indonesia (5 billion), Libya (3.6 billion), Abu Dhabi (1.7 billion), and Alaska (1.4 billion). (Subsequently, Algeria increased its production to 11.7 billion cubic meters in 1979, according to preliminary estimates.)

This volume of natural gas is exported to the following main import somes:

Western Europe. This region of the world imported about 87 billion cubic meters in 1978 (i.e. 55 percent of world imports, including 45 billion from the Netherlands and 13.5 billion from Norway. In this zone, the main importer countries, in order of importance in terms of their role in the total trade for the zone (84 percent), are the PRG, Prance, Italy, and Belgium).

The United States. This country imported 27.3 billion cubic meters of natural gas (i.e. 17 percent of world imports) in 1978.

The imports were made almost entirely from Canada (in 1979, these imports increased further, coming from Canada, Mexico and Algeria).

Japan ranks third among the world importers of natural gas, with 15 billion cubic meters in 1978 (or about 10 percent of the world imports). It should be noted that all of the natural gas Japan imports is in liquefied form.

II. Developmental Prospects for the International Natural Gas Market

Having examined the present situation in international trade in natural gas, let us see how the prospects for the development of this trade between now and the year 2000 look. These prospects are dependent on the recognition of a double phenomenon.

On the one hand, the probable increase of natural gas consumption in the years to come in the main consumer zones could result not only from the development of specific uses of natural gas but also the expansion of uses wherein gas could replace other forms of energy, as a result of their increasing rarity (oil) and by virtue of its superior specific qualities (non-polluting energy).

On the other hand, there are potential gas production zones (Middle East, North Sea, USSR, Mexico, Canada, etc) which might have an available surplus (above their domestic needs) and which are close to the large energy consumption markets.

In fact, these two phenomena join together to militate for the systematic development of world resources of natural gas, in view of the energy shortage which looms on the 1985-1990 horizon, and the availability of gas exploitation technologies long since tested, on the one hand. On the other, according to the most pessimistic estimates, world demand for imports of natural gas will reach the level of 223 billion cubic meters by 1985 and 523 billion cubic meters by the year 2000, under the conditions of the costs in effect in 1979. The main importer countries will continue to be the United States, Western Europe and Japan (see table appended). The potential exporter countries will be those known for their oil and which will probably have major surpluses in terms of their domestic consumption, rather than those which have the largest reserves. Which means that it will again be the countries of the Third World, and among them those of the Middle East in particular, which will be the main gas exporters.

in fact, if all of the projects currently planned in connection with exports of natural gas were implemented, the volume of world trade could reach the level of 500 billion cubic meters as of 1990, of which 320 would be transported by gas pipeline and 1980 [sic] in the form of GNL. However, the greater part of these projects are characterized by very high investment costs, above all those involving the liquefaction, transportation and regassification of natural gas. It takes almost \$2 billion to build a liquefaction plant which can process 10 billion cubic meters of natural gas per year.

This means that the rich industrialized countries will no longer be able. in an energy situation characterized by the threat of an insufficient oil supply, to hope to continue to benefit eternally from as noble a source of energy as natural gas without paying an equitable price for it, one at a minimum equal to that of crude oil (with equivalent thermic value, capable of covering the costs of making it available and of obtaining sufficient income for the producer countries to compensate for the - rifice of exporting this exhaustible natural resource, a sacrifice which can be visualized if we realize that the reinjection of natural gas could, thanks to the increase in oil production and the postponement of gas extraction until the situation is better, multiply the profitability of gas resources by between three and seven times, in comparison to its profitability when extracted, liquefied and exported under present sales conditions. The conclusion would thus be that it is perfectly legitimate to demand a price for CNL which is entirely consistent with this loss of profitability for the producer countries.

But development needs are pushing the producer countries to export their gas in order to obtain the foreign payment means they need to pay for their various imports. To this end, they are willing to supply the rich industrialized countries, but they cannot do it at a loss.

The industrialized countries should at the very least agree to pay for gas at the rate they are prepared to pay out to replace it by the gassification of coal (synthetic natural gas). In any case, the producer countries could not finance the development of the energy sources the Western world needs. The minimum they demand is to be paid a price equivalent to that of crude oil, for the same thermal units, for their gas.

Acceptance of this principle could promote investments in gas and make more costly plans attractive. In addition, if we realize that 70 to 80 percent of the investments required in this field for the establishment of a lique-faction chain (extraction, transportation, liquefaction, regassification) come back to the developed countries in the form of orders for construction, equipment and technical aid, promoting these projects would very greatly benefit the industrial development of these countries (and thus the battle against unemployment) and would contribute favorably to the reestablishment of equilibrium in their payments balances.

Finally, it is not unreasonable to presume that the acceptance of the principle of parity would come within the very logic of the energy product price policies pursued increasingly among themselves by the rich industrialized countries. It would, naturally, be discriminatory and in any case unjustified to urge tariff establishment principles for the international gas market which are regarded as dangerous and inadequate within national frontiers for this same product. It is urgently necessary that the industrialized countries overcome these contradictions, for if they equivocate too long, they will threaten the future of their energy supplies.

### Price of Natural Gas

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 43-45

[Article by M. B. Benzaghou, directer at the Ministry of Energy and Petrochemical Industries]

[Text] If there is one thing currently recognized today it is indeed the advent soon of an energy crisis characterized by a structural imbalance between supply and demand.

Energy experts are attempting to specify more or less exactly in what period this crisis will enter into its acute phase, but in fact the experience of these recent years makes it obvious that the crisis has already begun and that the industrialized countries which are heavy consumers of energy are trying in vain to conceal the reality, while demanding abundant and cheap energy. Crude oil represents and will certainly continue to represent the main component of this energy demand. It is clear then that the crude oil reserves of the OPEC member nations will thus continue to be wanted and that despite all the sacrifices these countries may have to make to satisfy world demand for energy, their goodwill will nonetheless come up against the limited nature of these resources and the desire of these countries to arrange for their own energy independence based on hydrocarbons for a long period. The more so since access to other energy sources for them would mean the acquisition of technology the transfer and mastery of which are far from accomplished.

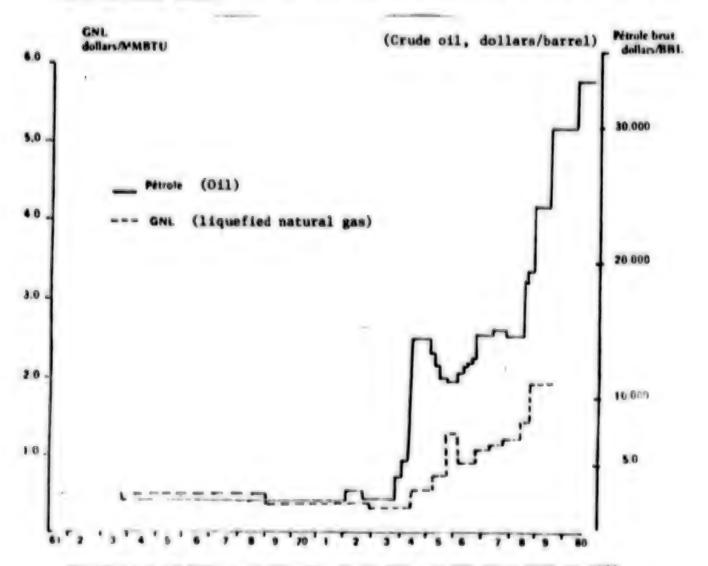
It is true that for the industrialized countries substitute energy sources provide a considerable potential in the very long range, but recent experience has shown that their development comes up against a multitude of problems having to do with financing, technology, environment and above all the delay in making them available. Under these conditions, why not have recourse to gas as an additional source of energy?

In fact, in the course of the last 20 years, the role played by natural gas in world consumption, in terms of the presently known reserves, which are equivalent to those of crude oil, has remained very modest (20 percent in 1978). This reserve level is furthermore certainly below the real potential, when we realize that the majority of gas discoveries have only been

"accidental," for gas exploration as such has not been encouraged outside the consumer countries, and this is above all because of the very low price of gas. One can imagine the development of exploration and the results it would produce if the price of gas were more remunerative.

## The Role It Should Have Played

The question which comes to mind quite naturally then is why, in view of the available reserves, gas has not played the role it should have in the world energy supply structure. The first factors in the response of this question would be that until about 1973, although the price of gas was aligned with that of crude oil (see chart), the relative abundance of crude oil at a very low price, established by the major exploiters of the resources of the producer countries, prevented gas from playing an important role, above all in international trade.



Development of Prices of Algerian Crude Oil and GNL From 1962 to 1980

In fact, this international trade required the resolution of technological problems (liquefaction of gas, transportation by methane tanker or submarine gas pipeline) and the mobilization of very substantial financial resources, and the profitability level was far lower than that which could be obtained from crude oil.

Since 1973, the various increases in crude oil prices effected by the producer countries which had already recovered their national assets did not have direct repercussions on the price of gas, because among other things of the still low level of gas trade (almost 20 billion cubic meters in the form of GNL or by gas pipeline in 1977). Thus, then, the low price of gas failed to provide any incentive for many of the countries with major reserves to undertake relatively burdensome and unremunerative export programs.

The disparity between the price of gas and the price of crude oil with the same thermic value was to become still more acute in the course of the year 1979. For example while the price of Algerian crude oil increased by almost \$20 per barrel (or \$3.58 per million BTU [British thermal unit]) between the first quarter of 1979 and 1980, the price of GNL showed but a small increase, leaving it still trailing far behind the price of crude oil.

The upsets on the energy scene in 1979 served further to strengthen the determination of the producer countries with modest reserves of hydrocarbons, as is the case with Algeria, to ensure their own certain and very long-term energy supply on the basis of their own resources.

Now in this connection gas is for us a substitute for crude oil in our present and future energy consumption, and it is thus clear to us that we must not part with it unless we can obtain at least the same income as that brought in by crude oil.

# A Complementary Contribution

Thus then the export of gas should be seen increasingly for the producer countries as a supplementary and necessary contribution to the world energy supply and not as the export of a product fated never to play a role on the market except at a value lower than that of crude oil. What then would be a "just" price for this resource? Without providing a definitive answer, we will analyze the various factors which militate in the short run for at least an alignment with crude oil.

1) The OPEC member countries have substantial gas reserves. In order to be able to develop this gas potential within the framework of rational exploitation of all of their hydrocarbon reserves (crude oil and gas), it is necessary that there be equivalent income obtained from these various products.

- 2) The time lag required to set up a commercial gas export operation is long (from 7 to 10 years). If we want gas to contribute a solution to the world energy balance shortage by the end of this decade, the price adjustment must be made very quickly in order to speed up the decision-making process.
- 3) Gas has inherent characteristics which make it very advantageous in comparison to other substitute products.

The thermic yield of gas is definitely higher than that of the other products.

Gas has combustion qualities which make  $\varepsilon$  a clean product, and this quality is taking on increasing importance in  $\circ$  orld ever more concerned with environmental problems.

- 4) Gas is the raw material of choice for petrochemistry, and can advantageously replace naphtha.
- 5) There are currently very sizable quantities of coal in the world which nonetheless pose serious problems in terms of exploitation (ever deeper layers and a serious pollution effect). An effective means of using this coal potential might be found through gassification, but the present cost of such production comes to between \$6 and \$8 per million BTU. This is the reason for the need for the gas price to reach a level allowing these operations to take place.
- 6) In addition, the marketing of gas, because of the investments required, makes for a rigidity in the form of sale contracts. They are long-term (20 to 25 years) and thus provide the purchaser with a guarantee of supply. In comparison with the premium currently being paid on the crude oil market to guarantee a supply of 2 or 3 years, it is clear that gas must necessarily benefit from an important supply guarantee premium.

#### The GNL Price Level

However, it should be stressed that in addition to alignment of gas with crude oil, there are other elements to be taken into account additionally in the export of liquefied natural gas, pointing to a GNL price level still higher than that for natural gas. In fact the following factors play a role:

1. The international trade in gas between continents which cannot be linked by gas pipelines must necessarily be effected in the form of GNL. Now this type of export requires tremendous investments and substantial human resources which are certainly disproportionate in relation to the real capacity of the exporter country. If this effort is made by the producer country at the expense of other needs, compensation from the purchaser is needed.

- 2. The liquefaction procedures lead to high self-consumption. For example in order to produce a cubic meter of gas in liquefied form, it is necessary to process 1.20 cubic meters, or 20 percent more. There should be a reflection of this in the price level.
- 3. The refrigeration effect recovered in the consumer country during the operation of regassifying GNL lends itself to multiple industrial uses benefiting the purchaser. The exporting country should be able to share at least partially in this advantage.

Thus if all of these characteristics enable us to see ever more clearly the real value of gas, a certain number of countries have already put into operation, in a first stage, the principle of equivalence for gas and crude oil. For example, the United Arab Emirates, Indonesia, Brunei, Canada, Mexico and even the United States, which exports GNL to Japan, have substantially adjusted their gas prices on the basis of that of crude oil. Holland and Iran are currently asking for adjustments in the same direction.

It would thus seem clear that far from being a position impossible to defend, as some customers would have it believed, the principle of parity between gas and crude oil demanded by Algeria, supported by arguments which are obtaining ever more unanimous support, has begun to be implemented in fact and by an increasing number of countries.

GNL Marketing, Contract Adaptation

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 46-49

[Article by M. A. Ghellal, assistant at the DG [Directorate General] of the SONATRACH [National Company for the Transport and Marketing of Hydrocarbons]]

[Text] One of the characteristics of the last decade in the energy sector is the emergence of a liquefied natural gas market. This seemingly rather banal assertion in fact reflects a major development. A complex technology, nonexistent just a short time ago but mastered today, will in fact make it possible henceforth to cross oceans to make a quality energy product, GNL, available to the consumer for his industrial and leisure needs, for his comfort.

Studies show that this product is likely to develop in remarkable fashion in the near future, both because of its advantages, which will enable it to replace other forms of energy (themselves becoming rarer) in many sectors, and because of the sizable production potential found throughout the world.

At the present time, however, GNL only accounts for a little more than 15 percent of the volume of world gas exports. This circumstance exists

because only a few countries (Abu Dhabi, Indonesia, Algeria, Libya) have undertaken the liquefaction effort. Among these, Algeria certainly plays the leading role, for it was in fact in 1964 that the first natural gas liquefaction unit in the world was commissioned in Arzev. Today, our country is preparing to produce 50 percent of the volume of natural gas handled in the world trade.

This result, reassuring in terms of the energy future, is not enough however to protect Aigeria against consumers' protests: they will not allow it to demand an increase in the price of its gas! Thus campaigns are being demanded to alert Western opinion and agitate against the specter of the "erisis," the changing face of which it has become the rule to use overseas to distort any question posed in terms of justice for the countries of the Third World.

Under these conditions, it is important to study the question as to whether Algeria's desire to sell its gas at a better price is justified, or whether on the contrary it is excessive.

#### Leonine Contracts

On the level of disputes, first of all, it should be stressed that the substantial investments and extravagant exploitation efforts Algeria has made to honor its commitments, with the intent of providing the consumer with stability in supply in the long run which was sought through the contracts, have been in no way compensated. The situation which has developed with regard to Algerian contracts is in fact entirely unconscionable. Some years ago, alert observers had already commented that "some contracts, in particular those which were signed with the French Gas Company in 1964 and 1971, require the Algerian company (SONATRACH) to supply natural gas at a laughable price—5.40 per million BTU.

Nothing has changed since. Algeria is still today committed to contracts wherein the average price is far below the international market price. At a time when the United States, with its Canadian and Mexican suppliers, Japan with its Indonesian supplier, and Germany with its Norwegian supplier are willing to pay for gas at a price on a parity with that of oil, Algeria finds itself stubbornly bound by ridiculously low prices. This situation, which the figures show to be economically intolerable, can be seen in rather clear fashion to have its origin in political strategy.

On the economic level alone, in fact, it would not occur to anyone to deny the obvious need for parity. On the one hand, the concept is an old one. Since 1974 the main observers in the gas importing countries, taking into account in particular the costs of liquefaction, have regarded price alignment in the near future as an inevitable development. On the other hand, the energy prospects today, characterized by the threat of an increasing dearth of sources of oil supply, as well as the role played by gas in reducing the gap between the energy supply and demand, are beginning to

project themselves on the economic scene and to make it obvious that an energy source at least equal to oil must be paid for at the same price as oil.

### Pacta Sunt Servanda

When it comes to consequences, keeping Algeria in a flagrantly unjust situation has heavily negative effects where its contracts are concerned, such that the economy is entirely bypassed and overturned by the development of the situation. This situation is reflected in the rapid and substantial increase in the average sales price for crude oil, which went up more than 130 percent between January 1979 and April 1980, leaving far behind it, during the same period, the increase in the average sales price for 3 classic reference products—high-sulfur-content fuel in fact increased only 71 percent, low-sulfur-content fuel 66 percent, and gas oil 53 percent!

A comparison of these figures clearly shows that the reference products, both on the American market and on the European market, moreover, ceased to be representative of the average market value of various energy products, a value represented only, henceforth, by the price of oil. Now the increase in these prices in 1979 was an unprecedented and entirely unforeseeable phenomenon, the result being that purchasers of Algerian gas, since its value is determined in relation to the international market, are deriving advantages out of proportion to their obligations from their contracts.

One can hardly be surprised, under these conditions, if in approaching the problem, economic analyses are prudently neglected to the benefit of general principles, gathered together under the protective wing of the juridical rule "pacta sunt servanda."

On the legal level too, moreover, the Algerian position is just.

To demonstrate this we will not go into the technical discussion which would be dictated by such facts as the laughable or undeterminable nature of certain prices, or the consequences which might be derived from the failure of certain partners to carry out their contractual obligations.

This approach would be somewhat polemic, while that is not the intention at all. We will solely note this basic concept to the effect that the goal of justice sought by law is very particularly true in the reals of contracts. It has long been accepted, in fact, that contracts should be modified if the economic conditions existing at the time of their signing have subsequently undergone basic changes for one of the parties.

Since all of the legal systems in the world endorse this rule, it will suffice to review some examples.

The concept is certainly accepted, first of all, in Anglo-Saxon law. It is known therein by the name of "frustration of the contract" and it is

defined in the following fashion: "A contract is further frustrated if, after it was made, such a radical change of circumstances has occurred that the foundation of the contract has gone, and the contract, if kept alive, would amount to a new and different contract from that originally concluded by the parties.")

American law codornes this same rule under the name "impracticability."
In fact the Uniform Commercial Code allows for "seeking a readjustment of the contract terms to meet the new conditions."

European legal systems and those of Latin inspiration also have this rule. It is found in Switzerland, Germany, Spain, Norway, Great Britain, Denmark, Sweden, Italy, Greece, the Netherlands, Egypt and Czechoslovakia. Whether it be in the form of jurisprudential or legal acceptance, all of these systems of law endorse the rule of justice which dictates that the financial balance of a contract should be modified when the circumstances governing its signing have changed.

Civil jurisprudence in France, entirely isolated in this regard, does not call for the usual consequence of altering contracts due to new circumstances. But the French juridical system taken as a whole does not embrace the same attitude. Since the beginning of this century, and in an absolutely consistent manner since, the principle has been endorsed in public law in very clear terms, emphasizing that when "the economy of the contract is upset" the partner suffering therefrom can no longer be expected to keep his conmitment "solely on the conditions originally foreseen" and this is true "for as long as the abnormal situation lasts."

There is no need to go deeper here into the exact application of the difference in attitude between civil jurisprudence and administrative jurisprudence in France. This would lead to technical discussions which would involve matters of dates, applicable laws and legal definition of contracts.

It should be pointed out, on the contrary, that in the French courts purchasers have been able successfully to advance the concept that the conclusion of new and more advantageous contracts between their suppliers and other buyers represents for them "an upset in the economic situation" justifying review of their own contracts. In addition to its import as to the general acceptance of the mutability of contracts because of new circumstances, this conclusion implies that the seller too can in turn seek to benefit if more advantageous contracts are signed by his buyers with other sellers.

This statement is after all not new in French doctrine, according to which the hardship clause is always understood (a little like the "rebus sic stantibus" clause) in contracts in international trade, particularly long-term contracts pertaining to raw materials or energy sources. 5

An Equitable and Remunerative Level

In Algeria, to complete this rapid scan of the national law horizon, Article 107 of the Civil Code contains a very clear and imperative provision according to which when "exceptional and unforeseeable events" make its implementation excessively burdensome, a contract should be revised to reduce the negative consequences of its execution.

If we move from the field of national law to the realm of international conventions and agreements, we are led to the same conclusion. For example the Hague Convention setting forth the "standard law on the international sale of tangible personal property" provides that new circumstances should entail a correction in the contract to the benefit of the party suffering from these circumstances.

The charter of economic rights and duties of nations adopted in 1974 by the United Nations General Assembly also provides that "all nations have in common the responsibility to promote a regular trend toward the obtaining of all commercial products . . . at stable, remunerative and equitable prices." An identical principle is set forth by the UNCTAD to the benefit of the countries in the process of development, whose right to require stabilization of prices for their raw materials "at an equitable and remunerative level" is recognized. Such requirements obviously imply the continuing modification of conventions.

It is not without interest to note, finally, that the sanctions international law provides for unjust conventions can be harsher than those in effect in national law. In this connection, international law emphasizes, for example, the "continuing sovereignty of peoples and nations over their assets and their natural resources," and it acknowledges, naturally, that this soveriegnty should be exercised "in the interests of the national development" of the nation involved. 6

Thus it appears that the rule of adapting contracts in the case of a change in circumstances is accepted by all systems of law as a generally applicable rule. It is difficult to refuse to apply it when the market reality, expressed in facts recognized by all, leaves no room for any rhetoric. On this precise point, juridical theory and economic analysis coincide.

A last question merits discussion. In the classic legal concepts, the mutability of contracts is conditional upon the unpredictability of the new circumstances. That unpredictability itself is linked with the determining role granted the will of the parties. It is this will in fact which makes the contract, can modify it and abrogate it. It can organize what it wants as it wants, and it is bound only by itself and the rules of public order. With regard to the specific question of the future balance of the contract, the parties obviously presume to have considered and freely organized the contract. The first step of the jurist when faced

with a new development will thus be to put it to the test of the "will of the parties." If that will foresaw the development, the work of the jurist is ended. If it did not foresee it, he will go farther and look into whether there was a voluntary or negligent action or, on the contrary, an indication of an objective situation which, at the time of signing, provided absolutely no possibility, by those other than the parties to the contract included, of foreseeing the event. It is only in the latter case that the event can fall within the "unforeseeable" category and the jurist will agree to look into the matter of the modification of the contract.

This construction however comes within a whole juridical complex, in which the rules and characteristics together correspond to the role accorded the will of the parties to the contract. If this will is accorded such authority and if such importance is attached to its decisions, it is because there is nothing to oppose it and because it operates in a world of rules made for it, to govern the ordinary activity of the subjects of law regarded as separate individuals.

At the same time, if this will is all-powerful, it is because it is protected, given a "monopoly" on its contracts, and third parties are prohibited from interfering in it.

Now these concepts (autonomy of the will, relative effect of contracts) so dear to the classic jurist are only to be found in much-altered form in the field which concerns us.

On the one hand, the extraordinary changeability of the economy, combined with the unprecedented breadth in terms of the volume and duration of contractual engagements, have no resemblance to the concerns of the classic codes of the tranquil world to which we have just referred. The extremely complex relations which become interlinked are entirely outside the ordinary field for which the traditional rules were made. Thus to believe that one can contract for prices running into the tens of billions to supply millions of consumers for a quarter of a century, while having the necessary foresight to ensure a permanent balance in the contracts, is but a vain illusion. Revision clauses themselves prove powerless and must most often be revised.

#### Contracts for the New Circumstances

One can thus then question whether in this sector it is really possible for a "contract to provide for the unforeseeable" and if the unforeseeable here has any meaning. In signing their contracts, the parties know that they have not foreseen and that they cannot, that no one could foresee the state of the contractual economy 12, 15 or 18 years hence.

What then would the jurist who, taking the classic step and attempting to establish the "will of the parties," have to say?

On the other hand, the prohibition usually placed on intervention in the autonomy of the will of the contracting parties by a third party, by influencing a contract in which that party is not involved, is just as illusory here as the concept of the prescient will was before. Since the prices in each particular contract are necessarily linked in fact with market prices (on pain of immediate destructive challenges), the establishment of the contractual price depends on a particular mechanism, in which the will of the parties as such plays no role. Groups of third parties uninvolved in the contract also exert an influence on this price, often of a strongly coercive nature. It must be realized that in this connection the consumers are particularly effective, acting in a fashion as concealed as it is productive, within the framework of true cartels, their existence and power being recognized by observers and the interested parties themselves, that is to say the international oil companies and the companies which import hydrocarbons. 10

These groups of third parties prevent the parties to the contract from governing their agreement alone. Rather than giving particular illustrations of this statement, it suffices to note for example that the future of energy diversification itself depends today on the will of the oil companies, which have the means to oppose it "by pursuing, as in the past, an appropriate price segregation tending to keep the price of heavy fuels relatively low, subsidizing it with the profits from other products for which the market is not flexible."11

Here again, the jurist who would penalize the "will" of the contracting parties for lack of foresight would be engaging in a pointless game.

These few considerations show that the classic concept of unforeseeability, which subjects the mutability of contracts to very strict conditions based on the concept of total mastery of the contract by the will of the parties, is greatly altered here and could not have the same significance as in other realms of law. The jurist who would like to go back at all costs to traditional theory would in fact expose conventions to an imbalance which would soon be fatal. Far from encouraging the theses he would like to preserve, he would be opening the door to serious contractual injustices, giving rise to challenges which, in order to be economically feasible, could only be effected outside the law.

He would then be forced to return, where long-term energy sale contracts are concerned, to the concept of a right to balance guaranteed by the "automatic" adaptation of contracts to new circumstances.

## FOOTNOTES

- 1. P. Kahn, REVUE ECONOMIA, 1976, p 64.
  - 2. P. Ramain, "The Penetration of Natural Gas in Europe," in "Gaseous Hydro-carbons and the Development of the Producer Countries."

- Schmithoff, "The Export Trade," p 97; see also R. David, "Contracts in English Law," LGDJ, 1973, p 410.
- OZO-ERAP [Petroleum Exploration and Activities Enterprises] and SOFREPAL judgment, GFR, Paris, First Chamber, 13 January 1971, REV. ARB., 1973, 69, Fouchard memorandum.
- 5. Bruno Oppetit, "Adaptation of International Contracts to Changes in Circumstances," Clumet, 1974, pp 794-814.
- This principle is set forth by the UN resolution dated 14 December 1962, as well as by the UNCTAD and a certain number of international conventions.
- 7. It is remarkable to note that the law, at least in the "liberal" systems and those inspired by them, always regulates the group or institution in special fashion: there is here a reflection of the concept that the "normal" subject of the law is the individual, the group being but an "accidental" exception juridically.
- 8. Tens of billions of units of a product supplied over an average period of 25 years.
- 9. P. Kahn, op. cit., loc. cit.
- 10. See Tanzer, "The Strategy of the International Oil Companies With Regard to the Energy Sources," in "The Gaseous Hydrocarbons and the Development of the Producer Countries"; see also "U.S. Plans World Group of Oil Importing Nations" in the NEW YORK TIMES, 16 April 1973.
- 11. Taki Rifai, "The Strategy of the Oil Companies With Regard to the New Energy Sources."

#### New International Economic Order

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 50-57

[Article by M. E. Benissad, professor at the University of Algiers, and adviser to the minister of energy and petrochemical industries]

[Text] Since the beginning of the 1970s, the Third World has been asserting itself in a seriously disordered world economy. The OPEC has made great progress during this period as a coordinating body for the establishment of oil prices and agreements on matters of production policy. This organization made it possible to substantially increase the price of crude oil in 1973-1974 and subsequently to defend the import capacity of the member countries, to establish financial aid to the countries in the process of development, on the basis of the inflation of their monetary assets, while using all its weight to urge the need for a change in the operational rules

of the postwar international economy. These are the new directions in the ordering of the international economy, as perceived by the Third World, which we will take up.

# I. International Trade

Although certain countries in the periphery (Pakistan, Singapore, Tunisia, etc) have become exporters of industrial goods, this area remains above all the main source of raw products in the world (without however having a monopoly on this function).

	1972	1974	1973	1977	1978
Indice des prix mondiaux (1) (2) Ensemble des produits primaires (3) Métaux (4) Produits destinés à l'alimentation		121 124 127	100 100 100	135 114 79	128 120 90
Déficit (en militards de dollars) des (5) pays non exportateurs de pétrole vis à vis des : (6) Pays industrialisés (7) Pays exportateurs de pétrole	7,5 3,1	14,4	24,1 16,3	10 20,1	25,2 19,8

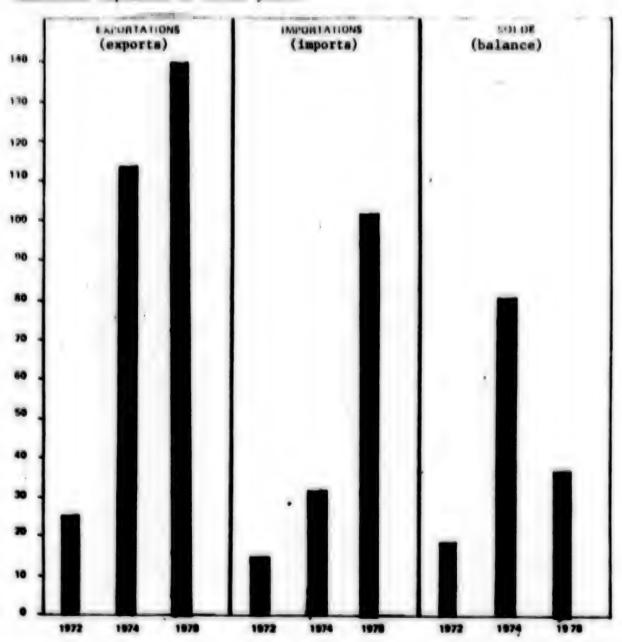
## Key:

- 1. Index of world prices
- 2. Primary products as a whole
- 3. Metals
- 4. Food consumption products
- Deficit (in billions of dollars) of the non-oil-exporting countries with:
- 6. Industrialized countries
- 7. Oil exporting countries

#### A. Trade in Ray Products

In this sector, a more or less unfavorable development can be seen in trade in primary products affecting the developed countries (Canada, United States, etc), and above all, the countries of the Third World, with the general characteristic of concentration of exports (or even a single export), regarded as one of the vectors of dependence. In 1978, oil accounted for 99.9 percent of the total exports of Saudi Arabia and Libya, 97 percent for Iran, 92 percent for Algeria and 91 percent for Nigeria. In addition, in Ecuador, Gabon, Indonesia and Algeria, almost 32 percent of the total product was produced by the hydrocarbons sector. While the oil sector accounts for a very low proportion of the national tax income in Venezuela (4.7 percent), it plays a very large role, on the contrary, in other countries such as Kuwait (58 percent), Libya (49 percent), Saudi Arabia (57 percent), etc. Although since 1974 the price index for base products seems to have improved, through fluctuations, the fact nonetheless remains that the terms of trade for the Third World have deteriorated while the trade deficit of the underdeveloped countries which do not export oil, in relation to the industrialized countries, has become more serious.

The international trade of the oil-exporting countries has experienced a remarkable expansion in recent years.

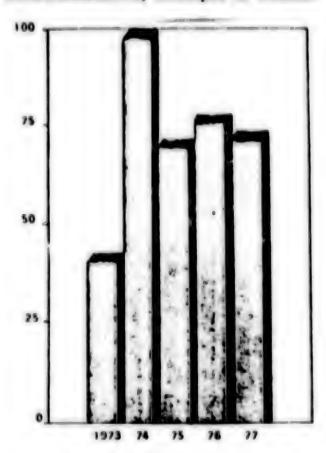


Trade Balance of Oil Exporting Countries (in Billions of Dollars)

This expansion was the byproduct of a drastic increase in the price of oil per barrel in 1973 and 1974. However, the illusion of wealth the OPEC countries had in 1974 was to face quickly, for the following reasons:

1) Their terms of trade were also to decline until 1978, which explains, in addition to the increase in the volume of imports, the serious decline in their foreign financial surpluses. From \$82 billion in 1974, this figure dropped to \$37.5 billion in 1978. Thus, according to the International Monetary Fund, the terms of trade for Algeria, which was pursuing a policy of rapid industrialization, developed as follows:

)



Terms of Trade for Algeria Based on 1974-100

The nominal increase in the price of oil per barrel of about 100 percent in 1979 and 1980 represented in fact in real terms only a very limited increase in the price of oil per barrel as of the beginning of 1980.

2) When it comes to the oil exporting countries with a substantial foreign financing capacity (Saudi Arabia, Kuwait, etc), which have formidable financial power, in addition to this drop in the real purchasing power of their export income, they have seen a substantial erosion in the real value of the assets accumulated in the large international banks, under the double effects of inflation and the drop in the rate of the dollar, the main investment currency. The IMF foresees the establishment of a "substitution account" through which any country could purchase SDR against foreign exchange assets and benefit from an exchange guarantee. This

measure is also designed to freeze the substantial government assets of certain countries (Mexico, Saudi Arabia, the United Arab Emirates, etc) and ensure that they cease to serve as speculative floating capital. The revolution in Iran and its recent consequences have made evident the new risk of unavailability this capital runs (blockage of Iranian assets in the United States and in some American bank branches abroad), and which would be true even of investments in the form of cash assets (purchase of buildings, shares in enterprises) which could protect the country holding them against inflation and store away income regularly.

To correct the negative development of international price relations the countries exporting primary products frequently turn to the establishment of more or less effective bodies to stabilize their foreign income on one of the following bases.

1) A definition of a minimum export price for their products. These prices are obtained by manipulation of the international supply based on regulatory stocks (as is the case with the agreement on tin) as was suggested by the United Nations Conference on Trade and Development. In the case of hydrocarbons, it is technically easy to achieve regulation of supply by maintaining idle production capacity. As was the case with Saudi Arabia in 1974 and 1975, this concept of temporary manipulation of supply is entirely different from and independent of the current trend toward reduction in oil output as a result of the policy of preserving natural resources and lengthening their life span (42 years on the average for the Arab countries, based on the 1979 production volume). It is obvious that the formulation of a long-term OPEC strategy inevitably involves strict regulation of production and international marketing of crude oil. It must be added moreover that in all these agreements among producers seeking to defend the nominal rate for their crude products, only the interests of the producers are taken into account, which explains why the consumer countries have not supported them.

However, the great depression showed the impotence of such agreements in the event of world economic crisis. In 1948, the Havana Charter attempted to establish some principle for the organization of international agreements on primary products. However the post-war period was one of rising prices for basic products (with the maximum to be reached with the Korean War), which led producers to lose interest in the organization of international markets. And more recently, did the rapid increase in the price per barrel of oil in 1979 not cause the collapse of the consistent price structure of this cartel? It was not until the drop in rates which occurred after the Korean War that the organization of international marketing of primary products became a major concern. There was moreover during the decade of the '60s a qualitative advance in the concept of agreements among producers. Aid in the diversification of national production was introduced therein (for example in the coffee agreement). In the case of the OPEC, there would be justification for establishing a fund which, in the event of a temporary reversal in the situation, would provide liquid international

resources for the member countries clearly in need of international financing.

- 2) Price indexing for products based on "world inflation," to defend the purchasing power, the real value of exports of these products. The OPEC is seeking (as the result of the Conference of the OPEC Long-Term Strategy Commission held in London in February of 1980 indicates) to link the development of the price per barrel of oil to that of the unit cost of imports and that of the dollar exchange rate. It is in fact the only way for the OPEC countries to avoid losing, through exchange fluctuations or inflation, what they have gained through the increase in the unit price for their oil. For inflation is, in international relations, a means of redistributing the real product, real income, among nations. The industrialized countries reject this Third World demand, for to the extent that they believe themselves incapable of halting their domestic inflation, they pursue the thesis according to which price indexing for primary products would open the door to an "inflationary spiral" in the world. They seem however to make an exception for crude oil, doubtless believing that the rise in its price since 1973 is irreversible, and hoping that the OPEC will develop a mechanism for indexing, for adjusting oil prices, enabling them to replace the present rather unpredictable increases in the price of crude oil per barrel with orderly and predictable increases the extent of which can be known in advance. In this way, the central countries are seeking to prepare themselves better to absorb the shocks caused by the increase in the cost of the energy source which still predominates.
- 3) An increase in the real content of the unit price of our primary products. For example, the OPEC countries believe that when the situation in the industrialized countries justifies it, they should raise the real price of oil per barrel to match the cost of the most important substitute energy source. In this way, the hope is to standardize the energy market, with oil losing its characteristic as a relatively cheap source of energy. It is this concern which is motivating the gas exporting countries to insist on the need to establish a fixed thermal parity between the prices of crude oil and gas. The adoption of such a parity would encourage the development of natural gas production (not a negligible alternative energy source), the reserves of which in the OPEC member nations are impressive.

Finally, it should be noted that the Third World countries are proposing the liberalization of imports of primary products in the developed countries. This legitimate demand, which does not seem offensive to the developed countries (at least in principle), does not directly involve the oil-exporting countries, because the demand for this product is very flexible in relation to income, while being rigid and nonelastic in relation to prices.

## B. Manufactured Products

The UNCTAD has proposed, in order to encourage the industrialization of the Third World countries, that:

- 1) Temporary tariff preferences be given, without any requirement of reciprocity, by the developed countries for the manufactured products from all of the Third World, on a non-discriminatory basis, with special preference for the poorest countries. This concept, among others, has been defended by the European Economic Community (EEC), in which autarchic tendencies have been strong since 1974 and 1975 where manufactured goods from the Third World are concerned (for example textiles from Pakistan or Tunisia). The implementation of such a measure is hindered everywhere by world recession. In the United States, for example, in order to slow the rapid slump in the shoe industry since 1970, certain lobbies (such as the state of New Hampshire, where this industry is the leading employer) are demanding strengthened protectionism where shoes imported from Southeast Asia are concerned. For refined oil products, the cooperation agreement signed between Algeria and the EEC in Algiers in 1976 calls for a contingent of Algerian exports to the European market free of customs duties totaling 1.5 billion tons per year, while the increasing annual volume of exports of refined products reached about 3.5 billion tons in 1978 and 1979.
- Regionalization of the Third World by the establishment of trade associations to go deeper into the international division of labor among the regions and to rationalize industrialization efforts. This proposal covers both mutual preference agreements (formerly covered by Part IV of the General Agreement on Tariffs and Trade added at the request of the Third World) and the establishment of cooperation zones. Latin American economists (C. Furtado, O. Sunkel, etc), faced with the dilemmas to which the concurrent policies of industrialization in Venezuela, Mexico, etc, have led, suggest economic integration among the countries in the zone, one dimension of the recent concept of collective autonomy, as a solution, among others. In Africa, for example, the idea of a common market is gaining ground, and as of April 1980, under the sponsorship of the Organization of African Unity, activities are to be undertaken to establish in a first stage sub-regional and sectorial economic integration. With this in view, the establishment of a body to coordinate domestic energy policies will become a necessity, to the extent that the present supply of hydrocarbons for a number of African countries is very precarious.

## II. Mobilization of Financing Resources

The aid allocated for development remains relatively inadequate in view of the financial requirements for development. From \$30 billion in 1973, the total increased to \$76.58 billion in 1978. Public aid, which includes both gifts (46 percent of the total) and bilateral and multilateral loans, reached 0.32 percent of the gross national product of the Committee for Developmental Aid member nations, at best, in 1977 and 1978. Adding to this private aid (essentially reimbursable credit) on commercial conditions, wrongly regarded as aid, the financial contribution to the Third World countries comes to 0.7 percent of the gross national product of the developed countries at the most. The goal of aid coming to one percent of the global product of the developed countries adopted for the Second

Decade of Development is still far off. In 1978, four countries (Sweden, Norway, Denmark and the Netherlands) exceeded the 0.7 percent of the gross national product level which the "group of 77 proposed in Manila in 1976 as a public aid goal to be achieved, through the establishment of a development tax if necessary."

AND THE RESERVE OF THE PARTY OF	(9)Moyenne 1967-69	1978
(1) Total des 17 pays du CAD	0,38	0,32
2) dont Etats-Unia	0,37	0,23
(3) France	0,68	0,57
(4) Japon	0,27	0,23
5) Royaume Uni	0,41	0,40
6) Suede	0,32	0,90
7) Norvege	0,26	0,90
(B) Canada	0,31	0,51

# Committee for Developmental Aid--Public Aid (in Percentage of the Gross National Product)

## Key:

- Total for the 17 CAD [Committee for Developmental Aid] countries, including:
- 2. United States
- 3. France
- 4. Japan
- 5. United Kingdom
- 6. Sweden
- 7. Norway
- 8. Canada
- 9. Average 1967-69

In addition, the group of 77 insisted that the role of gifts and loans without interest or conditions account for 90 percent of the public aid In practice, where public aid granted for development by the central countries is concerned, the sources of financing and the structure have not varied. As the OPEC countries were wrongly regarded as rich, they showed a tendency to take over increasingly from the industrialized countries in aid for development. The oil exporter countries allocated two percent of their gross national product for financial aid to other countries in the Third World on a bilateral or multilateral basis. Caracas in December of 1979, the OPEC member nations decided to increase the capital of the OPEC Special Fund, from which that organization grants financing to other countries in the process of development, to \$4 billion. In addition, a portion of the deposits in the OPEC countries are recycled through the trans-national banks in the Third World countries, which strengthens the private sector of developmental financing. In September 1979 the oil surpluses placed on the main international financial markets in the form of bank deposits totaled \$18.3 billion.

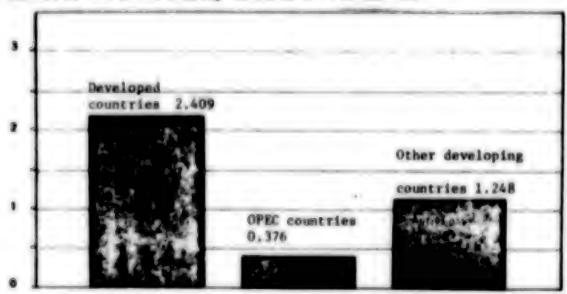
	1977	10/8
(1) A. h. problègue  at P. at du l'AD  by 101 P.  11 Page 200 alones	16,7 3,74 0,78	19,81 4,70 0,64
(2) Aide a remarkable at Payanda CAD to 199 P for the public)	40,66 1,85 0,11	\$1,38 1,85
IUIAL	65,32	76,58

## Ald for Development

## Keyl

- 1. Public aid
  - a) CAD countries
  - b) OPEC
  - c) Socialist countries
- 2. Commercial aid
  - a) CAD countries
  - b) OPEC (public sector)
  - c) Socialist countries

In addition, the Committee of 24, meeting with the IMP, insisted in its Program of Action and Monetary Reform in 1979 that SDR be established as a function of the financial needs of the Third World, and more particularly, the aid it in fact receives. Certain developed countries (the United States and Germany) oppose any mechanism dictated by this concern, for they regard it as inflationary. The allocation of SDR by the IMP as a function of the quotas of its member nations in no way benefits the economies in the process of development. In January 1980, the IMP undertook a supplementary distribution of SDR which clearly reflects this situation.



Distribution of SDR (in Billions) as of 1 January 1980

It was decided in Kingston in 1976, on the recommendation of the Third World countries, to increase ordinary drawing rights (plus 45 percent) along with the credit base (plus 32.5 percent of the quotas). Similarly it was decided to sell a sixth of the officially demonetized gold stock of the INV, i.e. 25 million ounces of fine gold, at the market price, and to assign the profits from the operation, which came to \$759 million at the end of 1979, as aid to the Third World countries. Finally, following the Kingston meeting, drawing rights based on compensatory financing, linked with the drop in the rates for raw materials, were increased by \$1 billion. More generally, in the realm of account balance financing, the Committee of 24 asked the IMF to lengthen the term of its credit, to add substantially to the total thereof and to establish the conditions solely in relation to the reasons for these foreign payments deficits.

This being the case, the Third World countries had seen their foreign debts increase at an impressive rate in the course of the past 10 years because of their investments policies, with a high foreign exchange content, even in the countries where industrialization was given priority (Brazil, Algeria, Iran, etc), their heavy dependence for food and technology, world inflation and the deterioration of their terms of trade. It is obvious that the amortization and service of this foreign debt are problematical for the Third World countries, which are constrained to go into further debt in order to meet the obligations born of the earlier debt. A high proportion of the annual indebtedness, of the increase in the outstanding debt balance of the Third World, is absorbed by the debt service. According to the World Bank report for the year 1979, the debt service is weighing increasingly heavily on the exports and the global products of the developing countries.

(2) (3) (4)	Asse de l'Estre Parefoque Amérique latine et Carallies Afrique du Vallet Mayer-Orient Afrique and alemente Caragor du Soid
4	Mayenne

(6)	Hario Service de dette/expe		Service de la desse/produit global		
	1977	199	. 1977	1.00	
-0	5,7	10,4	3,1	5.1	
	20,9	24,2	4.3	4,7	
	6.7	15,8	2,7	5,7	
	8,5	17,6	2,9	7,8	
	13,1	23,6	2,5	5	
	18,3	19,2	3,3	5,3	

#### Key:

- 1. East Asia and Pacific
- 2. Latin America and Caribbean
- 3. North Africa and Middle East
- 4. South-Saharan Africa
- 5. Southern Europe

- Ratio of debt service to exports
- 7. Ratio of debt service to total product

This somber situation, in which interest represents 31.8 percent of the annual debt service, led the Third World countries to demand in Manila in Pebruary of 1976 that the public debt of the underdeveloped countries which are least advanced and most affected by the current economic recession be cancelled, and that the of the rest of the Third World countries be consolidated for a period of 25 years. In accordance with the decisions adopted in March of 1978 by the OECD, some member countries decided either to reorganize the structure of the debts owed them by the most impoverished underdeveloped countries, or to convert their claims into gifts. Finland, France, Sweden, Switzerland, Canada, the United Kingdom, the Netherlands, Germany and Denmark have already taken steps in this direction. The extreme case of Brazil illustrates this picture. Brazil saw its foreign debt increase from \$5.2 billion in 1970 to \$47 billion in 1979. The service for this debt reached \$11 billion, i.e. 80 percent of Brazil's export income in 1979. This pressure on the balance of accounts would continue until 1983 unless this country can obtain supplementary long-term extensions for the amortization of the debt. Such a situation (it is also found in Zaire) is obviously critical for a country the resources of which are far from being entirely exploited but which is placed with socioeconomic problems which are not negligible -- galloping inflation, major population growth, substantial unemployment, dependence for food supplies, etc.

And last but not least, in the realm of international financing for the Third World, it is urgent that a credit mechanism (the reimbursable aspect would have to be discussed) designed to finance oil research and exploration be perfected, with a view on the one hand to making the peripheral nations (neglected today) more and more autonomous in the energy sector, and on the other, to broadening the geographic sources of supplies of hydrocarbons for the world economy. Since these are goals of world interest and in view both of the limited financial and technical means of the Third World nations and the risky nature of investments in exploration, it is normal that the developed countries should take an active part in the financing of such a credit mechanism, oriented toward the underexploited regions, where research and exploration operations have not to date been of tangible importance. In these last 2 years, exploration expenditures have been focused on the member nations of the OECD where the likelihood of discovery is low (15 percent).

# III. Promoting Industrialization of the Third World

Very often, it is said that only the private sector is capable of meeting the international financing needs of the Third World and guaranteeing it an annual average rate of growth of 6 percent. However, this sector takes risks only in the countries which give it guarantees, against nationalization in particular. Tunisia, for example, signed an agreement with the World Bank and with the French Insurance and Foreign Trade Company, whereby it undertook to safeguard private investors against political risks. These measures certainly attracted foreign investments from overseas in the export-oriented textile industry, but these enterprises are true enclaves

in the Tunisian economy, which offers them cheap manpower and tax advantages, and it would suffice for them to obtain greater advantages in another country to move there. Thus it is impossible to make this a bulwark of Tunisian industrial development. Certain Third World countries, including Algeria and Iran, maintain that the behavior of the trans-national firms has been improper and that their activities must be controlled. However, these firms have a monopoly on modern technology and the transfer of it, and the countries of the Third World are forced to deal with them, independent of the industrialized capitalist nations which, using their liberal ideology as a pretext, refuse to intervene to facilitate the generalization of technology without restrictions and on financial conditions which are not unconscionable.

It must be remembered that the trans-national firms are the most important source of the new techniques which they transfer, with greater or lesser reluctance, to their branches or third enterprises. The techniques are transmitted by means of documents (confidential studies, reports and books), experts (technical aid), the training of manpower, and finally, the implementation of productive projects. The partner of a trans-national firm which controls technology can:

- 1) Either purchase a patent (for example to produce Coca-Cola), making a commitment moreover not to reveal it to third parties without the authorization of the seller;
- 2) Or purchase the whole of the "know-how" involved in a technique, that is to say purchase all the documents resulting from its use, even by the seller, as well as the equipment, undertaking a commitment, as is the case with the oil refineries, not to pass on to third parties the specifications for the plant, to reproduce a given project without the agreement of the builder, etc;
- 3) Or, in general, in view of the low technical level prevailing in the Third World countries, purchase, in addition to the material equipment for the technique, the "show-how," which involves obtaining, by means of short-term contracts (which in practice are renewed indefinitely), training for the workers and cadres as well as the help of foreign "assistants" to help in operating the enterprise and to pass on their expertise, their talents and their experience to those around them.

An effective transfer of technology obviously presumes the existence in the purchasing country of a system of scientific and technical education and an approach to technology and innovation which will prepare the personnel to absorb this contribution of foreign knowledge and even to make innovations, adapting local techniques. However, when local conditions favor the purchase of foreign techniques (as is the case with India, for example), the transfer of technology poses other problems.

- 1) Retention of knowledge by the trans-national firms, one of the points of contention in the dialog between Europe and the Eastern Arab countries;
- 2) Lack of adequate information (or experience?) on the part of the Third World enterprises to enable them to choose the most satisfactory production method. To offset this lack, these enterprises generally have recourse to the services of foreign engineering board offices (whose responsibility is moral only) which assist them with their knowledge in the selection of the technology, procedure and technical supervision of the operations of making investments;
- High costs of transferring technology, although as the Latin American experience shows, the firms providing it fully recover and amortize their research costs in the products they produce with the aid of this technology;
   and
- 4) Foor guarantees from the builder to the prime contractor in the event of failure to keep contractual commitments in terms of delays in completing work, performance of the production unit and specifications of the product manufactured by the unit. The maximum liability rate for breach of contract rarely exceeds 7 percent of the overall cost of the project. Now the prime contractor often encounters difficulties in the technical implementation of contracts. For example, the SONATRACH experienced a delay of about 2 years in the commissioning of its first liquefaction project in Skikda (first 3 lines) because the technology selected was not yet perfected. In fact this Algerian enterprise served as an experimental field for the builder. Analogous problems have been encountered by the SONATRACH with a British builder during the installation of a fourth liquefaction line in Skikda.

This state of affairs explains why the United Nations Declaration on the New International Economic Order, drafted in April and May of 1974, specifies the need for "participation by the countries in the process of development in the advantages of science and modern technology and the encouragement of the transfer of techniques and the establishment of an autonomous technological structure." This means:

- Creating a framework for channeling the transfer of technology consistent with the conditions and the means of the Third World countries;
- Access for the Third World to modern techniques and their adaptations to local labor market and products conditions;
- 3) The encouragement, in the field of research and development, of conservation and local use of natural resources (generally non-renewable) over which each country has a natural right to direct control;
- 4) And, the Group of 77 added in Manila, the establishment of a multilateral code of a binding nature to regulate transfers of technology and, more generally, the actions of multi-national firms.

With regard to the determination of the Third World to speed up its economic development by industrialisation, the attitude of the central nations is ambiguous and contradictory. There is first of all a pessimistic position according to which Third World development will lead to two negative effects for the industrialized countries:

- 1) Increased consumption of rew materials by the peripheral nations and thus their increasing rarity on the world market for the developed countries. This would be the case in particular with the expansion of a large oil refining industry in the OPEC countries; and
- 2) Disappearance of foreign markets for the manufactured products of the developed countries because of industrialization, and the replacement of imports by the peripheral nations. Thus, in principle, the development of a tire industry in Algeria, it is thought, would reduce or eliminate any imports of such products.

There is also an optimistic thesis according to which the industrialization of the Third World would have a positive impact on the developed countries because:

- 1) The loss of the traditional foreign markets (food products, textiles, etc) would be offset by the development of markets for the new more processed goods. Thus there would be a shift in demand to more complex and costly products (semi-finished products and equipment). In addition, the very rapid development of new industrial products (even consumer products) in the developed countries will lead to their export to the peripheral nations, where imports will only be substituted after a time lag, because of the insufficient financial resources of the Third World and the slow nature of technological adaptation. In other words, the race between innovation in the central nations and substitution of imports in the peripheral nations works to the disadvantage of the latter;
- 2) Even if protectionism is abandoned in the developed countries, their future imports of manufactured goods from the Third World could only satisfy a part of the demand, the balance remaining in the hands of the more competitive local industries:
- 3) The consumption of raw materials by the peripheral nations will never be major in view of the slow rate of industrialization and limited markets. The Third World will always have an exportable surplus, as is the case with the oil in Gabon and Bahrein, the timber in the Congo, the phosphate in Morocco, etc. In addition, in the long run, the technical advance in the central countries will contribute toward economy in the use of imported raw materials;
- 4) The industrialization of the Third World means that it will make new imports involving heavy doses of technology (patents, licenses, equipment) controlled by the central countries. More important, this dependence will

be reflected in the level of technological development. No mooner does a Third World country acquire a technique (and put it to use often without mastering it) than it begins to fall into greater or lesser disuse in the central countries, being replaced by a more efficient production procedure:

- 5) The industrialisation of the peripheral nations, representing a redeployment of activities on the international level, will attract skilled personnel from the central countries: massive recourse to technical aid is in fact a striking characteristic of industrialization in Venezuela, Indonesia, Iran, Iraq, etc. The most striking case is that of the lique-faction of gas in Algeria, where the role of expenditures on technical aid in the turnover total was 39.6 percent at the Arzev unit, 11 percent at the Ex. Camel unit, and 25.3 percent at the Skikda unit in 1979; and
- 6) The industrialization of the peripheral nations will create new networks of international migration. Instead of the traditional North-South shift, a South-South transfer will develop because of the unequal rate of development in the peripheral countries (Pakistani and Yemenite workers in the Arab Gulf countries, Senegalese and Guineans in the Ivory Coast, Tunisians and Egyptians in Libya, etc).

The pessimistic position prevailed until the 1950s, when observation revealed that world trade among the industrialized countries was tending to intensify. Thus there was no reason to fear the industrialization of the Third World. The optimistic position won out in the end, above all with the increasing emergence of the socialist nations on the world capitalist market, claiming to have no foreign marketing problem in the Third World, and supporting the thesis of industrialisation because it would be the vehicle of a revolutionary process. Whatever the case may be, the triumph of the optimistic view, even if it was to be accompanied in the central countries by an "open door policy" with regard to industrial goods from the peripheral nations, would mean the development of a new international division of labor based on the technological gap. Under the terms of this international redistribution of labor, the central countries would continue to produce the products requiring a certain production scale and incorporating advanced technology (data processing, aeronautics, etc), while the peripheral nations, in addition to their traditional primary activities (crude oil, iron ore, tin, etc), would develop the branches of industrial activity (textiles, leathers and hides, etc) with little dynamism on the technological level, using little capital and much manpower. In certain Third World countries, it would be possible to encourage capitalconsuming economic activities with complex technology and providing few job opportunities directly linked with their natural resources. For example it is widely acknowledged that the OPEC countries, which suffer from dependence in the food sector, have a comparative advantage not only for the production and export of raw products (oil and gas), but also for the establishment of industrial structures in petrochemistry oriented toward the replacement of imports and exports. The planned Euro-Arab

cooperation zone seems to be reserving this specialization for the Arab world, although in this connection it has not been demonstrated that the chemistry "lobby" has spoken its last word.

In conclusion, it can be seen that the development of a new international economic order requires first of all a better-balanced system of exchange, of trade, based on the definition of a minimum "just price" for the primary products guaranteed to the Third World countries in real terms. Then, in view of the financial obligations accumulated by these countries, in many cases because of the deterioration in their terms of trade, there is a need to plan for solutions to offset the effects of previous foreign indebtedness and to lead to later financing of developments conceived as a complex of new activities both in the productive branches in the larger sense and in mining and oil research. Finally, since sufficient foreign exchange is never available, the need for better organization of the diffusion of knowledge, at the lowest cost, on an international scale, becomes evident. These major guidelines for the new international economic order, based on the solidarity of men and their common destiny, represent the only effective means of responding to the both prodigious and worrisome challenges of our time.

New Juridical Order

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 58-60

[Article by M. Issad, professor at the University of Algiers]

[Text] The concept of a new international economic order, debated for many years, is now accepted. More or less everywhere in the world there seems unanimity, at least on the verbal level. The gaining of independence by an increasing number of countries in the so-called Third World has been manifested on two levels: their expressed will to exercise full and entire sovereignty over their natural assets, which has extended in some countries to the total nationalization of these assets when they were in foreign hands, and their activity within international organizations, and the most important of them, the UN, where they henceforth constitute a majority. This joint action is moving toward a total reorganization of the terms of trade and the rehabilitation of international relations, distorted by the traditional role of suppliers of raw materials assigned to the underdeveloped countries and by the dominant position of a limited number of nations. Let us bypass the multiple assemblies, conferences, meetings and "dialogs" which have taken place from time to time, and focus on the basic undertakings. The General Assembly of the United Nations adopted a charter of economic rights and duties of nations on 14 December 1974. A sixth and a seventh extraordinary conference were devoted to the problems of development in May of 1974 and September of 1975. The idea of a new economic order penetrated first of all the more limited circle of specialized organizations. The UNCTAD proposed a code of conduct for conferences on the sea in 1972, leading to a multi-lateral convention in 1974 which has not yet gone into

effect. Shortly afterward, another UNCTAD division, which has been holding meetings in Geneva since 1976 with the participation of all of the UN members, proposed the drafting of a code of international conduct for the transfer of technology. Subsequently this latter organization decided to take up the matter of a code of conduct for trans-national enterprises. The main question is whether these codes will involve binding legal instruments or are simple guides for behavior without constraints. This is one of the main points of difference among the negotiators in international circles.

## The Oil War

The history of the new international economic order was marked at the outset by the oil war. For a long time the interlocutors were not on the same wave length. The producer nations, sware of the imbalance of which they were the victims, demanded first of all a fairer distribution of the profits, and then the exercise of their sovereignty over their riches, and subsequently close control over company activities. The companies, nurtured in the bosom of the Western powers which colonized or held mandates over territories and backed by their support, for a long time refused to make the slightest concessions. Thus the problem was to acquire a heavy political content and to lead the Western nations to intervene to protect their interests and those of their companies -- which often came to the same thing. The producer countries, for their part, reacted against this joint action, themselves developing methods of joint action, an example of which is provided by the OPEC, which pursued an aggressive policy in the special hydrocarbons sector. The upset in economic relations in the oil sector was in the end to shake up the classical juridical system. Thus in this particular field, there was a transition from the concession system to participation in all cases of exploitation. The abandonment of the concession system itself seems to have been due in large part to the ideas of the former president of the ENI [National Hydrocarbons Agency] in Italy, Enrico Mattei. In the 1950s it made an effort to penetrate the Middle East, which had until then been the private preserve of the cartel. In the contracts signed with such countries as Iran, Iraq, Egypt, Saudi Arabia and Libya, it was to settle for its role as operator, without any rights either over the geographic boundaries or the mining titles. The entry of the company into Iran in 1957 was a spectacular development to the extent that for the first time the agreements signed replaced the classic 50-50 division of profits with an arrangement according to which Iran obtained 75 percent of the profits for an investment of 50 percent of the initial capital.

The appearance on the scene of newly independent countries was to replace what had only been a competitive game among the oil companies with the demands of these nations themselves. The OPEC, an organization of producer nations, was to have a considerable impact not only in the field which is its own domain, but on the methods of exploiting and marketing other sources of energy, and consequently economic trade of all kinds between the countries of the so-called South and those of the so-called North.

It was here that other difficulties appeared, still more dangerous if examined closely.

The oil sector had been the only one up to that time in which the producer nations had been able to join together and had proved particularly effective. Where the other sources of energy were concerned and in general other trade with the industrialized countries, the countries of the Third World acted in scattered fashion. The economies and the political regimes of our countries are rather disparate and their levels of economic development unequal. In the oil sector, and in general in the discussion of the new economic order, and in international circles where the representatives could readily meet and reach agreement, the poorly endowed countries appeared as a group. Joint attitudes were then readily established. When it came to individual operations, each of these nations or their companies dealt separately with other companies which often played a monopolistic role on an international market they dominated. Thus the juridical relations established in connection with economic operations precisely reflected the existing balance of forces.

A new economic order necessarily demands a new juridical order, an indispensable tool for reflecting the former in reality. The discussion of the two would have to take place simultaneously. We cannot but acknowledge that we have neglected this aspect of the problem.

A supplementary parameter, which considerably complicates the factors, comes in here. If some countries have considerable natural wealth, they also have need, to develop it, of investments and know-how which are often available only from those who are customers for their raw materials. Thus there is an interdependence between the two parties, and relations which must be organized juridically, in comprehensive fashion. We have considered the problem in the sector which seemed for the time being to be the most important. The interplay we can see developing is destined to cover all the economic relations between our countries and the industrial powers.

In the juridical debate, the partisans of development and improvement in the old international order, even if it means adding an economic chapter, are opposed to those who would like a transformation or rejection of the old framework, except for the retention of certain of its elements. The dispute is not ended and the implementation of the principles will come up against either the efforts pursued to alter their effects or to limit their scope, or practical difficulties.

The juridical problem posed by the new economic order concerns mainly the jurists in the field of public law, and in particular international public law. Since international relations are involved, it is natural that the matter lies in the field of law involving all nations. Moreover, there is no private law except domestic law, unsuited by definition to govern this type of relations, except for some principles common to the various national

bodies of legislation but lacking the supra-national character necessary to play a useful role.

#### Private Law

Now in the practice of economic relations, which are established in specific fashion, it is the techniques of private law which are traditionally used, in particular the technique of the contract, a product of national law. It is here that the effort will be waged to project it onto the international scene. Companies which control capital, technology and know-how are increasingly distrustful of national legislation. Whatever the domestic juridical framework and whatever guarantees granted, they are hesitant because of what doctrine calls the "legislative risks," which would leave them at the mercy of a change in the law. Thus they prefer to have recourse to the technique of the international contract, aided therein by "bid solicitation," which is an invitation to establish a contract.

Contracts derive traditionally from domestic law, and the efforts pursued are designed precisely to remove it from the control of the national legislator. Modern doctrine is being used to "denationalize" or "delocalize" the contract which, if projected onto the international scene, would then be implemented on the basis of general international law, within which it would by the same token enjoy legitimacy. In fact, there has not to date been any international economic law comparable to international public law. It is true that a number of works by writers on law have already been devoted to international economic law. But it remained ineffective and ill adapted to individual operation. Thus it is the juridical technique of the contract in domestic private law which an effort is being made to "internationalize," to make of it an economic chapter within the body of general international law.

This new form of agreement, termed a "international economic development agreement," will include all contracts signed not only by a nation, but also by enterprises with public capital, even if according to their bylaws they are governed by the rules of private law.

This new type of agreement lacks both the necessary precision and rigor. It also lacks an applicable body of law suited to it. Just as there are no contracts except those which are national, there is no contract law except that which is national. Thus doctrine itself will attempt to establish such a body. And this law will be "trans-national" law, different from that produced by the movement of ideas which underlies or results from the concepts of a new economic order. It will be based on the usages of practice, systematized on the basis of the concept of lex mercatoria, updated, to derive therefrom the rules which will serve to frame international activity. Thus one has the impression of parallel but independent movements, one developing in the realm of ideas and public law, and the other in the realm of juridical techniques, essentially private in nature but now "internationalized."

The current contract practice will support the doctrine singularly. The exercise by the state of unchallenged power over its assets has not led to the consequences one might have expected, i.e. very tight control of its contractual relations. Above all it has failed to produce a movement of all of the poorly endowed countries, as occurred in the oil sector. The solution moreover is classic, at least in the relations between nations and private parties, whether natural or juridical persons, who subject these relations to the law and the courts of the state. Paradoxically, it is on the contrary the internationalization of contractual relations that we see developing with greater vigor every passing day, based on a practice in which we engage without asking ourselves too many questions.

## Arbitration -- A Basic Role

Arbitration will play a basic role in this regard. The first arbitration judgments rendered after the nationalizations in Iran in 1951 made every effort to render contractual relations independent of the legislation of the contracting state, precisely in order to shelter contracts from legislative changes. Arbitration, which is one of the basic factors in the internationalization of contracts, will develop as a tool for the settlement of differences, with parallel participation in the development of international law specifically for contractual relations. It will play an unprecedented role in economic relations. We note that the very great majority of the contracts signed involve a binding clause providing for recourse to arbitration. The states themselves will, by means of international conventions, give this form of settling differences importance it has never known before. A number of arbitration conventions have been signed, in 1958, 1961 and 1965 in particular, under the sponsorship of the World Bank. The United Nations organization, the UNCTAD, itself is to draft arbitration regulations and will recommend their use in trade relations.

On the level of the law which is applicable, arbitrators, parties and professional organizations are joining in the same movement. The parties have recourse to the arbitrator, based not only on the applicable law designated by the parties, but also the rules and usages pursued in the matter. These usages are numerous, in some cases codified, and often represent the only regulations in the matters to which they pertain. This is the case with the Incoterm and the uniform regulations and usages pertaining to documentary credit drafted by the International Chamber of Commerce, a private institution. Elsewhere the considerable success of the so-called "key in hand" and "products in hand" contracts, which correspond to none of the classic contractual categories but have some aspects of all of them, points toward the development of this lex mercatoria, which is a mixture of usages, the will of the parties, state law and perhaps above all the interpretations arbitrators give it.

Whether one favors or opposes it, the existence of a juridical framework and a legal body in the process of formation must be acknowledged. The problem lies without a doubt outsign the realm of theoretical discussion. The

trend seems to be imposing itself for at least two reasons. On the one hand, the balance of forces has not changed and continues, as in the past, to be expressed in contractual relations. Now the more powerful forces always insist on arbitration and try to avoid recourse to state law and the courts of the state with which they have contracted. On the other hand economic operators who sign contracts participate in this trend as if the discussion on the new order had not reached them yet. They willingly agree to arbitration, to the existing practices, whether codified or not, and accept the authority of the arbitrator or recourse to simple general principles, thus participating in almost naive fashion in the development of what is termed "trans-national space."

It is true, and this should be stressed, that we have thus far neglected this technical aspect of the matter. The 1968 OPAEP convention called for the establishment of a juridical commission which would hear litigation between an oil-producing country and a foreign company operating on its territory. It was not until 9 May 1978 that a protocol signed in Kuwait established a juridical body to hear litigation between a nation and an oil company. It is still only used with the agreement of the parties. This procedure is singularly similar to arbitration.

It is true that what could be called the new juridical order cannot, any more than the new economic order can, be implemented in fact in just a few years. One can presume however that it is essential first to have the idea accepted, and only then to find the practical methods required. It is evident however that what we are faced with henceforth is the beginning of an effort to forge a juridical framework and a body of applicable law designed precisely to mitigate or divert the effects of the new economic order. It is possible then to foresee a new grouping of the nations involved where the questions inherent in juridical techniques are concerned, either on the international level as was the case with the OPEC in the oil sector, or on the regional level, as occurred for example with the Andean group, among others, where the transfer of technology in particular is concerned.

Technology Transfer, Development

Algiers REVOLUTION AFRICAINE in French 6-12 Jun 80 pp 61-66

[Article by Abderrahmane Hamrour, director of research and development for the National Company for the Transport and Marketing of Hydrocarbons]

[Text] "The underdeveloped situation inherited from the colonial days made it necessary for the countries of the Third World to have recourse to cooperation with foreign sources," in order to meet the demands of the struggle against underdevelopment and to establish conditions for strengthening economic independence. This cooperation, if it has led to interesting results here and there, has not on the other hand been without serious

consequences for these countries. In fact, based on the present international political and economic order, it cannot effectively serve the aspirations of the poorly endowed countries and is being increasingly challenged on the international level.

The provision by the industrialized countries to others of industrial or socioeconomic installations, various types of equipment, various loans for exploitation, as well as their loans for the development and definition of projects represents precisely one of the components in this cooperation the "benefits" of which have been the subject of a number of studies and conferences of a national and international nature.

"Is the technology developed by the industrialized countries transferrable to the countries in the process of development or not?" This has become a question of burning current concern, and the elements in the answer to it can only be supplied, in our view--because of their very complexity--following a precise analysis of the development of the experiments undertaken by a number of countries.

Whatever the case, if the concept of the "transfer" of technology is not unanimously accepted, it is because this transfer is the vehicle of limiting factors and a source of new difficulties for the majority of the developing countries.

What is the situation on the national level?

In Algeria, as in other Third World countries, the dynamics of the development of the economic and social infrastructure have made it essential to have extensive recourse to foreign means to implement it.

It should in fact be recalled that just after independence was won, the technological level in our country was extremely low—an industrial sector limited to a few installations or construction activities under foreign-capital control—and that the substructure willingly maintained by the colonial power had had as its effect the hindering of any real endogrous technological process.

The few installations of any importance, in particular those involved in oil activities, were conceived, built and developed not in the producer countries, but by planning departments, laboratories or other structures located in the colonizing countries.

Thus the lack on the national level of autonomous means for implementation and skilled human resources capable of undertaking the launching of development programs has had as its objective result the import of the techniques and specialists needed to develop them. These are involved in all the sectors of activity involved in studies, technologies of planning, construction and installation, as well as the know-how for technological

procedures and the management (mintenance, repair or operation of equipment or industrial completes) of the unit.

The numerous projects achieved in the various communic sectors in our sometry, the subject of more detailed analysis claushers, settainly constitute an important stage in the process of national development. These achievements, the optimal exploitation of which must be ensured in order to secon the established goals, should make it possible to set forth the inadequesies which must be considered beginning now, as well as the problems which we must avoid in the future.

#### The Problem Created

In the hydrocarbonn sector, as in others, the characteristics listed below give some idea of the nature of this "commodity" and its very content.

conceived and developed abroad, the technologies used have characteristics. which are due to the historical pattern of industrial development in the country of origin, as well as its accloronomic models.

Perfected throughout the industrial era in the developed countries, these technologies have advanced rapidly in the last two or three decades thanks to the frequent scientific advances.

They have often been perfected and utilized in industrialized countries as a result of their own characteristics and with a clear concern for commercial competition. They correspond to the present international division of labor, which guarantees a de facto monopoly held by certain firms with capital in experience and know-how in a given sector.

The conditions inherent in the country of origin favor a very short-term profitability for production units, which is reflected in a high rate of technological immovation and the speedy obsolescence of equipment and products put on the market, leading in addition to problems in the availability of spare parts.

These technologies are often designed to produce goods the specifications for which are not necessarily adapted to other countries.

The constant contribution of scientific development gives them moreover such a degree of application that their mastery and operation become more and more difficult for the country acquiring them.

Secause of this fact, they require supervisory personnel on a high technical level.

In some cases, the technology used, or more precisely the equipment used, has been insufficiently tested on an industrial scale and has often not been fully mastered by the builder or even the producer.

Other facts should be mentioned, such as for example the use of special techniques or prototypes the performance of which it is always difficult to assess at the time they are chosen, the adoption of inconsistent technological lines by the builder, the choice of technologies which prove ill adapted to the raw materials, etc.

These remarks, although not exhaustive, make it possible to understand the types of problems created by the import of foreign technology by the developing countries.

O per constraints sould be mentioned which derive from the nature of the environment into which these technologies are brought.

For example, in our case:

The small number and inexperienced nature of the national technical potential has been such that in order to carry out the various development plans, it was necessary to have massive recourse to foreign technical aid, since the national cadres and technicians available could only take over the control effected by other foreign technicians in part.

The rate of development approved converted the country into a vast workshop, in which foreign builders committed to employing local subcentractors competed for the use of the limited national capacity in goods and services. They made use of this situation to conceal their own shortcomings. This was reflected in tremendous difficulties for the project foremen, in dealing with foreign builders mistrustful of local conditions and incapable of controlling their subcontractors and organizing the contractual elements of the project.

Often the technologies chosen have been evaluated on the basis of insufficient data, covering only the major parameters of the project plan. The fact of postponing the precise specification of equipment until the detailed engineering stage (once the contract is signed) has often allowed a builder to offer equipment conceived in "skimpy" fashion, lacking sufficient safety coefficients to allow flexibility in installation.

In certain technological realsm, the internationally recognized supremacy boasted by the multinational companies has forced all countries to have recourse to them. Technological choices are thus imposed, due to the lack of broadened international competition.

The choices made are based essentially on two criteria, regarded as of determining importance in this context:

The first has to do with technological and economic aspects which make it possible to assess the probability of profitable application of the technology.

since the information needed for these assessments is the product of conditions inherent in the country of origin and has not been verified under our conditions, sometimes erroneous declaions have been made.

The second major criterion for the choice is the juridical link between the national enterprise and the builder or supplier of the license. These purchase contracts are characterized by restrictive clauses imposed by the country or firm of origin which deprives the purchaser of total and free enjoyment of the goods and knowledge generated by the technology selected. Thus the national enterprise may obtain satisfactory results on the level of basic principles, but it is subject to severe constraint elsewhere.

Where the choice of technological processing methods is concerned, special attention is devoted in the negetiation of the contracts to cost, financing, methods of payment and time periods, which come among the main criteris on which the decision is based. Because the national enterprise has not previously made a final choice of procedures, almost total freedom is allowed those tendering offers as to the procedures to be adopted. Thus at the outset the proposals made are disparate and comparisons are unfair because they are based on different data. Also, to use financial criteria as the sole basis comes down to distorting competition, and to take into account the methods proposed alone would limit that competition.

Where equipment is concerned, the lack of standards and rules for construction are also constraints which distort the choice of techniques.

The effects of this situation make themselves felt in the diversity of techniques for equipment which serves the same purpose and in the supply of spare parts for them which has become complicated.

A Simple Commercial Operation

An analysis of the conditions for the purchase of imported technologies also reveals the difficulties created by the foreign partner, who limits his collaboration to a simple commercial operation.

The development studies which led to the perfecting of the technology, as well as the builder's methods of calculation or conception are not passed on to the project supervisor.

The documents on the operation of installations are standardized and delivered as such, without any serious study of the possibility of adaptation to the operating personnel.

This is a major emission, for on the one hand the personnel expected to carry out the operation is generally not familiar with the operations included in the manuals on the same level as the personnel of a company in the country where this technology originated, and on the other hand, because the national enterprise is not capable of undertaking the necessary alterations.

The transfer of knowledge or know-how is not conventently effected because of the fact that there are very few builders or license holders really willing to accept enterprise engineers in their planning offices, laboratories or research centers such as to ensure effective staff training.

The implementation of the project does not lead to a "transfer" of technology. In fact, the project foreman does not obtain the full benefit expected, which might in the future allow him to reproduce that technology, technology for which he has made heavy financial sacrifices.

The need to renegotiate the use of his technology for other similar projects with the builder is thus imposed on him.

In the final account, whether it be with regard to engineers or supervisory personnel, the foreign partner agrees to provide information rather than training. The technicians sent by the builder to the work site do not truly cooperate, and the real experts are only there for very short periods.

The contracts for methods impose upon the purchaser restrictive and constraining clauses which work solely to the advantage of the license-holder. These include:

limitation of production to the planned capacity only;

sometimes export of products abroad is prohibited to certain given countries or geographic zones;

submission to the license-holder of the operational records on the methods, enabling him in the future to undertake improvements or changes which can be used to his sole advantage elsewhere. The unit operated thus becomes a permanent industrial pilot project for the license-holder;

compulsory reporting, without compensation, of any innovation made during the period of the license agreement, to the license-holder; and

in the event of the failure of the process, without redress by the builder or license-holder, difficulties in obtaining the assistance of a third company.

On the technical level, the builder uses every possible artifice during the studies for the planning and implementation of the project to offer equipment planned with a low safety margin, to economize as such as possible on the building fabric, piping and general installation. The units delivered are therefore designed for production inferior to the established goals.

The builder will take no major rinks, and any negative consequence deriving from what he provides is for all practical purposes the sole responsibility of the prime contractor. Both in turns of the periods allowed for completion and the quality and performance of the equipment utilized, the penalties to

and the process that the bear due to his proof performance.

# Passmertal Compression

These few considerations represent, unfortunately, only a small part of the thousand and one reasons motivating the supplier or the builder during his collaboration with the purchaser of technology, who in the final analysis is for his but a source of financial profit, in all phases of the project. To become persuaded of this one has only to examine the disputes which develop in the course of the implementation of contracts, and to learn of all the anomalies the purchaser may detect during the building stage, or even during the use of said technology.

To this must be added the constraints and risks inherent in the present contractual and juridical formulae for the purchase of technologies which, because of their burdensome consequences, have led to numerous international conferences designed to encourage the adoption of a new code of conduct for multi-national firms and companies.

A study of the various existing types of contracts, "turnkey," "cost plus fee," and their extensions, "product in hand" or "market in hand," reveals the non-functional nature of contractual links alone in cooperation designed at the outset by the coller of technology such as to maximize his profits.

In the light of this brief analysis, one can proceed with a survey of the problems the import of a technology can create for a developing country:

need for a large technical aid staff prior to, during and after purchase, reflected in substantial costs and debatable efficiency;

unceasing and increasing financial efforts because of surcharges for which there are multiple reasons: delays in completion, monetary inflation in the developed countries on the levels of wages and equipment, financing costs, and others;

development of new forms of dependence: with regard to replacement parts not available on the local market, specialized supervisory and maintenance teams, purchase of raw or intermediary materials, special products, etc;

increased cont price for products, preventing them from being competitive for export;

equipment unequal to the production capacity for which it was planned, or overworked because of problems encountered in the technological process;

need to import products these technologies are supposed to provide in order to meet domestic market needs; and

risk of the development of an "atd" mentally and neglect of their technical responsibilities by the radres due to fallure to capitalize on technological know-how gained through daily practice.

Other effects have been seen in the various sectors of the national economy which cannot be listed here, but which are reflected in dublous efficiency and increased expenditures.

For example, recourse to foreign financing for the execution of projects has been extended beyond the direct and indirect costs of implementation, bufdensome in themselves to supplemental credit designed to finance the surcharges due to the bacards of construction, delays occurring in cummissioning and the accelerated pace of production of units lasting longer than expected.

In the specific case of the technological line for production, transportation and processing of a raw material which is important to the developed countries—natural gas—our country has been willing to make major financial efforts to satisfy the customer. Among other things, it agreed to utilize advanced and delicate technology, the equipment for which, soreover, was supplied by the purchaser nations, thus contributing to developing their know—how and the work plan for their industry. This did not prevent the builders from running considerably beyond the completion deadlines, and allowing serious malfunctions which lowered the profitability of the units, although it was not possible to get them to take responsibility for the consequences of this state of affairs.

In addition, to guarantee the normal operation of these installations, numerous technical personnel had to be supplied by the natural gas purchaner, which brought the purchaser, is addition to employment for its manpower, substantial profits. These countries supplying technology at an exorbitant price are those very countries in which the countraction companies refuse to take responsibility for the surcharges incurred during construction due to inflation, as well as the financial consequences resulting from failure to make good on the guarantees of proper execution of the work. They are also the very ones which appears the legitimate right of our country to operate the production tools installed in flexible fashion, and to demand just compensation for this non-renewable national resource.

## A Deliberately Ambiguous Attitude

On another level, there is also justification, in the light of pant experience, to question the willingness of the countries supplying technology to respect the decisions by the developing countries to promote the production of tangible products directly integrated in the economies of these countries.

Thus we have seen the feeble spirit of cooperation they evidence in the reals in which they have a technological and trade sunopoly, such as those

producing tires and industrial radder, the plant health protection agents needed for agriculture, and chemical, metallurgical and mechanical, as well as other products with a high added value, in order to retain—for their sole heafit—major markets.

This deliberately ambiguous attitude to still more emphatic when it comes to technologies which could really help the developing countries free themselves from the strong pressures to which they are subject for the purchase of products destined for the food sector. This case is perfectly illustrated, for example, by the technology for the production of bioproteins based on hydrocarbons, commonly called petroproteins, perfected a dozen years ago.

Despite the great interest evidenced by the United Nations, and the favorable recommendations by the ad hor group (PAG-UN) made up of internationally known actentiats, these technologies are not yet available even today. Whole plants are in the process of being dismantied, despite the investments under, on the pretest of economic risk and considerations which are still blurred.

These factors to the answer to the question posed as to the "transferability" of technology are some of the limiting factors which, in our view, account for the fact that the import of a technology does not in itself constitute "transfer" of the technology, since this is essentially the result of social, scientific and economic development, and thus the very process of national development. If it is true that there can be—and there is—to a certain degree a transfer of knowledge in a scientific or technological resis between individuals or even a transfer of equipment and material between different accioeconomic atructures, it would in our opinion be illusory to regard this as the transfer of the technology and overall know-how linked with the conception, operation and subsequent development of that technology.

This can only be done gradually, and requires such time and effort of the attractures and the men needed for its execution.

in other words, it is conditioned in the receiving country by the availability of skilled and experienced men, by the relatively autonomous production "capacity" for equipment or services, organization and data and management—in brief, by the existence of structures which are qualitatively and quantitatively ample, allowing experience to be capitalized and developed, and transforming the receiving country into a "receptable" capable of assimilating and mastering, indeed making innovations in, the technology acquired. It thus requires a number of components, linked with the system established in the cultural and educational, social and economic realms, and requires the creation and development of a harmoniously conceived and efficient "industrial fabric."

These conditions are in fact the requirements of the organized struggle against technological dependence, and the economic dependence which is the natural extension of it, the legacy of the colonial system.

Relying on Ourselves

in mobilizing ourselves for this struggle and in paying the price, relying first of all on ourselves, we will be acting, as the national charter says, in such a way that "the contribution of foreign enterprises will be used such as to create the conditions to decrease and overcome this dependence."

We for our part also believe that this reflection should be deepened to make possible an awareness of the impossibility of promoting development by the import of techniques alone.

The first stage of the development of our country was incorporated in the bistoric process of its advance.

The inadequacies noted should allow us better to assess our potential, and the accumulated experience, rich in leasons, including the errors which may have been committed, should allow us to correct them first of all and subsequently avoid them, and finally to plan later progress, decisive this time, toward the technical independence involved in the capacity to produce technology.

Within this framework, a survey of the gains made becomes a priority tank. The hazards of imported technology will have made it possible to analyze the ins and outs of the process and to be able to proceed with greater perspicacity. The priority granted increasing production and improving the quality of the administration of the structures established should have an a result the strengthening of autonomous capacity for research, study, engineering and implementation, which should in the medium and long run replace technical aid.

in fact, even if these activities are still inadequate, the fact nonetheless remains that they have been launched and have contributed to the training of cadres and technicians with experience which it would be useful to develop in certain sectors, such as installation, construction, the laying of pipeline, metallic underframes, etc.

The evaluation of the level of the country, the cont and outlay of foreign exchange caused by the need for foreign anniatance in the realms of technical-economic studies, engineering, patents, licenses and other expert services would enable us to establish the important role of these elements in the cost of development.

What will these costs be in the next 10 or 20 years, since it will be necessary to pursue the industrialization toward the units, down the line, manufacturing finished products?

In fact, the current state of our production tools is but at the initial stage of turning out important base products and some intermediary products.

The process of developing the hundreds, indeed thousands of products needed for the various branches of the national economy to long and tedious, and the intervention of foreign companies providing studies, engineering and expertise would cost us more and create more problems for us if we did not have a technological environment, national research, studies and engineering bodies, capable of meeting the demands of economic development in large part.

The establishment of such autonomous development structures requires much time, effort and motivated personnel whom we would allow to learn, even at the cost of errors, and to make progress parallel with the building of the country. This, then, is imperative.

loward a New International Economic Order

The regulation of the problems encountered by a developing country which imports technologies can thus not be obtained from a foreign supplier partner whose interests, acknowledged or not, lie in the establishment of bonds of dependence, which give rise to continuing profits for that partner.

If, as we have seen above, we must rely on ourselves, we cannot, however, because of the vast resources required by this struggle and the international stakes resulting therefrom, base our strategy on a "narrow nationalist vision."

Since the developing countries constitute a specific group united by common interests, it becomes a question then of working toward the consolidation of comperation with other Third World countries faced with the same problems, with a view to strengthening this cooperation, in particular on the economic and technological levels, the establishment of a new interestional economic order and a code of international conduct for scientific and technical exchange.

The exchange which may result therefrom will certainly have a considerable impact on relations with foreign countries. However, the experience gained in these last 10 or 15 years within the context of direct negotiations with foreign countries, and the results obtained from the successive sessions of the United Nations Conference for Trade and Development and the United Nations Conference on Science and Technology in the Service of Development (CNUSTAD) make us doubtful of spectacular progress, above all in the short and medium range.

How could it be otherwise, moreover, during the world energy or economic "crises" or the conferences on raw materials bought very cheaply by the industrialized countries. These countries brandish technology as a weapon of coercion against any determination of the developing countries to strengthen their collective economic power.

How, finally, could these countries be desirous of "transferring" what constitutes the main trump to their policy of begemony.

These countries and the trans-national firms which are the spearhead of their development will do everything they can to delay any real "transfer" which would reduce the current inequalities which favor them, on the one hand, and on the other they will make every effort to make that transfer ineffective by perpetuating or aggravating, through their policy of scientific innovation, the technological gap between them and the developing countries.

Within this context, the proposal sponsored by Algeria and Venezuela to establish, on the basis of the OPEC Special Fund, an international agency for the development of the Third World countries would seem to us to be an eminently positive contribution to the economic development of the Third World countries.

The important sums which would be allocated to this agency should, in our view, also serve to make available to the Third World countries the experience and the gains of the oil-producing countries in the reals of prospecting, economic and feasibility studies, the conception and execution of industrial installations, as well as the lessons they have derived from collaboration with the industrialized countries for taking over the developing their resources, the development of new assets, etc.

Similar to the cooperation already developed between the OPEC and the OAPEP countries, technical exchange and the development of joint actions in the realm of technology in the energy sector, in particular, would have beneficial effects on the upsurge of the Third World and positive consequences leading to a qualitatively higher stage of their economic development, as well as on the standard of living of their people.

The economic development of the Third World is a necessity which entails the use of technology developed in these countries, and for a long time to come still, those supplied by the industrialized countries. Thus it is important for the Third World countries to derive lessons from the past, to strengthen their cooperation and to seek together to establish international cooperation which is truly profitable for all parties, based in particular on the training of men and scientific research, and not on the simple "grafting" of imported material or technology.

5157 C80: 4400

# 'ASSASSINATION ATTEMPT' DENIED BY KHALKHALI

Tehran ETTALA'AT in Persian 7 Jul 80 p 2

[Text] Ayatollah Sadeq Khalkhall, who was injured in a traffic accident last Saturday night and taken to Shohada Hospital, located in Tajrish Square, was released from the hospital today.

Ayatollah Khalkhali, in a conversation with ETTELA'AT, stated: I have heard that it is rumored everywhere that I was wounded by a bullet. One imagines that counterrevolutionaries would very much like to hear one day that they assassinated me. They should know that first of all I not only have no fear of death, rather I wish to die in the path of Islam and the sacred goals of the beloved 'leader.' What happiness is greater than a Huslim's martyrdom?

Secondly, counterrevolutionaries are too comtemptible to be able to finish me off with such ease, or harm me.

Ayatollah Khalkhali, in his meeting yesterday with an ETTELA'AT reporter concerning the circumstances of the accident, said: Last night I left the imam's house, and after a while I took the wheel of one of my companion's taxi, and started off downhill on the street. Then I realized that the aut mobile had no brakes. So that, God forbid, no one should be harmed, I turned the steering wheel towards a tree on the shoulder of the rond. The car struck the tree, and after crossing a gutter at the edge of the street, struck a wall. The steering wheel broke in my hands. As a result of the collision of the wheel with my rib-cage, a certain amount of contusion and bruising in the bones of my chest appeared. Of course friends say, instead of pushing the brake pedal, you were pressing the clutch! But I don't think it was like that.

Friends immediately took me to the hospital, and now as you see, God be praised, may the counterrevolutionaries and Bakhtiar and his gang be blinded, my condition is fine.

Yesterday Seyyed Ahmad Khomeyni paid Ayatollah Khalkhali a visit in the hospital.

Ayatollah Khalkhali will be present at the parliamentary service of ETTALA'AT newspaper on Wednesday afternoon 18 Tir [9 Jul 80], and will personally respond to questions from ETTELA'AT readers over the telephone.

9597

CSO: 4906

## DETAILS OF ABORTED COUP REVEALED

Tehran EXCLUSIVE in English 16 Jun 80 pp 1-3

[Text] Despite all the rumours concerning the two days of unrest or even a coup during June 4 and 5, these two days passed without any significant events and even some people were of the opinion that all the rumours were absolutely baseless. Same time, the radio calling itself the liberation forces of Iran and has started its daily broadcast since the past month categorically denied any rumours concerning a coup and announced that if they had any plans to stage a coup in Iran, they would not be stupid to announce their decision in advance.

However, exclusive sources report that in fact there were plans to take the control of the country during the said two days, but the plot had not been staged by the supporters of former prime minister Dr. Shahpour Bakhtiar, or the deposed Shah, rather, according to reports, the extremist religious groups had plans to show more power during the said two days and in case the leftist groups had staged demonstrations in Tehran, they should act forcefully and not only crush the leftist groups, rather to disarm all the military and security forces and thus topple the regime of President Abolhasan Bani-Sadr.

Yet, it is not as yet clear who had in fact engineered the coup plot, but what has been known for fact, is that a group of revolutionary guards were to participate at this plot and under the cover of protecting the city establishment like the radio and television stations from any leftist attacks, were planning to occupy the radio and television station, the office of the Prime Minister which is now the seat of Bani-Sadr's government, the army headquarters and a number of government organisations and cut all the communication links between Tehran and the provinces and bring them under their own control.

It was said that two elements had prevented the plot. One was the fact that the leftist groups were alert and prevented any demonstrations during the two days in question and the second was the dismay from the Imam who is against any action outside the usual routes and is supporting Bani-Sadr and his actions. Other reports indicate that Bani-Sadr had

received intermation concerning such actions from long before and thus was trying to draw the army closer to himself so that in case of any armed action against the government by the opposition groups, the army should be able to defend the government and the president. However, the army commanders had informed the President in their secret centacts with Bant-Saur that with the present army morale, it would not be able to be of any uneful service in the event of any such plots. In order to strengthen army morale, Bant-Sadr had a meeting with the Imam two weeks ago in which he was successful to obtain Imam's approval in expelling religious advisers of the armed forces and give more freedom to the army In its various decisions. But before being able to execute his plans, Avatollah Khamene'i and Dr. Mostafa Chamran, two members of the defence Council had objected to the proposals and had warned the Imam that giving a free hand to the army commanders would pave the grounds for a willtary coup in the country and since these happenings had coincided with the operation of the liberation forces radio, the Imam had consented and not only he did not reduce the influence of the religious leaders in the aver, rather in order to boost the morale of the military personnel ordered the establishment of special religious conference and established special committees under the supervision of the Mullahs in various army sections. Thus, the danger of a coup by the radical religious groups to still at large and during the current week the Revolutionary guards are planning a parade together with other military forces supporting them in order to intimidate their rivals both in the army and among the government and other circles.

Over the past two weeks, the security organisations of the Islamic Republic of Irac have been successful in discovering secret networks among the military and civilians in Iran. Although the network among the military personnel was officially announced, the second network is still in its investigation stages and has been kept confidential.

Exclusive sources report that discovery of the military network is in connection with the start of the secret radios in Iran--one under the name of the Radio Iran belonging to Shahpour Bakhtiar's supporters while the second radio belongs to a group calling itself the liberation forces of Iran.

Right from the very beginning, both radios claimed that they have their own supporters and networks among the military and civilian officials and that their elements are getting more extended day by day, and that at an opportune moment soon, they would take action against the Islamic regime in Iran. Seemingly, the allegations and claims of these two radios have increased the security measures in Iran, and in order to please the government and intimidate the opponents they have announced the discovery of these networks.

The military network, as mentioned in official news was called the "Overthrow Committee" and 11 of its members have been arrested while others managed to escape. The secret organisers of this group included

Ismail Alahyari, Iraq Chaderi, Dr. Ghamamiou and Abbasi who were apparently among those who were supporting autonomy for Kurdestan and against the present regime in Iran. It should be noted that the liberation forces radio and the radio supporting Dr. Bakhtiar are both supporting the Kurdish rebels and are asking the army personnel not to open fire on their Kurdish fellow countrymen.

The civilian group has been composed of certain lawyers, journalists and writers. Shabpeur Siamak Zand-Nia is one of the writers who was put to prison a few years ago for cooperating with General Talmour Talmour Bakhtiar and later became one of the Savak agents. He is now under arrest. The other person is Dr. Mehdi Bahar, a children's specialists who has been under observation by the security officials. Formerly, he was cooperating with the leftist groups and has even written a book against the United States' policies during the Shah's regime.

in was said that the government is planning to have an open trial for the members of these two groups to condemn Shahpour Bakhtlar and the army officers supporting the Shah. But the exclusive sources claim that so ar there are not sufficient documents which could link these groups with the outside forces who are struggling against the present Iranian regime.

However, one of these arrested, (Shahpour Zand-Nia) perhaps may reveal certain documents against the others which may result in new discoveries with new documents. It is expected that during the current weeks a group of university professors and retired army officers and other political leaders are to be arrested by the regime.

CBO: 4920

## KHONGTON'S JA COMMINDON HERD ALLANS EXTRIBITED

Tehran EXCLUSIVE in English 16 Jun 80 pp 3, 5

[Text] Seyyed Ahmed Ehomeini's bold comments shout the attacks made on the meeting of the Mojahedio Eholg Organization was a clear indication that those close to the imm are also very well informed of the danger facing the islanic republic by the extremist Munlim groups. They are also well aware of the fact that 'he accurity forces and the Revolutionary Guards are totally ignoring the action of these pressure groups known as "club evingers" and even at times cooperate with them.

It should be noted that these groups were used in the past to attack and occupy the leftist groups' offices and clubs, occupation of occupation numbers, breaking down the political parties like the Buella People's Republican Party which supported Ayatollah Shariat-Budar! as well as breaking into the houses of opposition figures like Ayatollah Shariat-Budari, or the occupation of universities and the leftist centres in these universities and other similar actions, but never so far in any of the past incidents these op-called "club swimgers" so bitterly attacked.

facturity courses report that President Bani-Sadr had shown certain documents to the Imam which proved the radical Buslims had been planning a coup which was due to begin on similar lines which took place last Thursday in Tehran and after the interference of certain groups of the revolutionary guards, finalize the coup. Therefore, the Imam had asked the Buslims to prevent such plots.

Thursday's strack on the Mojahedin meeting was condemned by all the leftist and even liberal groups. Even the Islamic Republican Party was induced to express its opposition to this action but in giving a solution to the problem, it said that the Mojahedin should in future refrain from any similar meetings and instead tape what they want to any and give them to the radio to be broadcast.

Seyyed Ahmad Shomeini who knows who are responsible for these plots asked if these attacks had been made on the Friday mass prayer those responsible would still remain unknown? It was said that Bani-Sadr is trying to follow up the matter this time and with the help of the Sman's non arrest all those responsible and hold them on trial. But the chances of his success is very

limited since the opposition has sufficient influence among the Revolutionary Courts and the Revolutionary Corps and would prevent any action in this regard. In addition, most of those who attack the meetings under the name of "Nezb Allah" are among the most naive and uneducated people who have strong affiliation to Islam and cannot be severely punished for their actions.

C80: 4920

#### COUNCIL OF CULTURAL REVOLUTION APPOINTED BY ENGNEYHI

#### Hiseion of Council

Tehran JOHNET-YE ESLAMI in Persian 12 Jun 80 p 7

[Speech by Prof Jalaloddin Farsi "Cultural Revolution and Foreign Diplomacy"]

First / We send greetings to the pure spirits of the martyrs of 4 June and read the fatchesh over them: my statement concerns the cultural revolution and foreign policy. For some time I have been intending to make some presentations concerning foreign policy questions, or at least some of the issues on which I have done brief study. However, in order for my presentations to be of benefit, or at least to be of benefit to all, I will content myself with an introduction in this regard. The cultural revolution is in reality a revolution in ideology, thinking, viewpoint, morality (merals and dispointent) and, finally, conduct. It is therefore necessary that the educational system also be changed and that an educational revolution come into being. The educational revolution complements the cultural revolution. Both are in firm, direct relationship to the foreign policy of the revolution, eince cultural revolution, in the sense I have presented it, is a necessary introduction to social revolution.

For the social system of a nation to be changed, and for a fundamental change to come about in that nation, a revolution must per force occur in advance in the ideology, merals, and disposition of these people which is consomant with the social system which it is subsequently desired to establish, and it is essentially not possible for the establishment of a government to occur unless the people possess an independent culture and identity and a single particular world view.

# Revolution in Poreign Policy

This is not possible unless a government imposed as a result of power comes into being. It is not possible for a people to give itself political organization. When the establishment of a government in a natural, just and free form required that a nation come into being possessing a single ideology, thinking and view in advance, it is to be taken for granted that

administration of the state cannot come into being unless the nation reaches agreement in advance on the style of the government and its policies, and the administration of foreign policy is part of the administration of the government. Therefore, in the Islamic revolution of Iran, just as the /illegible/ of the army must be changed so that it will be conconent with Islam, a transformation is /illagible/ so that the saturic army may be turned into a unificationist army; just as in the economy one must eliminate the dependent unjust structure of the past based on exploitation and replace it with an islamic economy, so in foreign policy also is such a revolution necessary. We basically believe that the felante Revolution of Iran is a repetition of the prophets' /illegible/ and a repetition of the revolution of lelan, and we consider that a foreign policy should com into being in the Islanic revolution, before we create a government. Everyone knows that when a nation comes into being we have a period which is wholly Maccan and an overall period which is the period of formation of the nation, before there is a political organization which is complete and fully developed. Otherwise, during the Maccan partod, when the nation was formed, they would not have broken up their political relations, whereas they also accepted the leadership of the prophet as a political leadership. However, there was no government, there was no war or armed struggle, and they did not have borders of border points -- basically, they had no nation. They were like a liberation movement which has no government, has no nation, or, more precisely, like the PATH organization, which of course is a national movement, an Islamic movement, a religious movement, but has no territory -- its territory has been occupied. However, the Palestine Liberation Organization to itself a political organization, it is statlar to a government, it roughly has ministers, there are government organs in it--when this people obtains its nation, it will be able to establish its government. Such a stage also existed in the history of Islam. It is there that they gave these now beliefs to the people, a new view of the world, besically gave a new conception of government, gave a new conception of the nation, the nation which held the Koran valid and said, "You Hoelows make a nation out of this, "a nation that differed from all the social and political units and all the governments in existence at that time. At that time they taught foreign policy to the people.

Look, here is the second Surah. It is the Surah of Hacca. The Hoslems do not yet have a government, but then a surah comes. The haginning of the surah is an analysis of an international incident. There was a war between two governments, two empires, Iran and Rome, in the land closest to the place where the Araba dwelled. There, it is stated, this war took place. The Riran says that the Romans were defeated, in the area closest to the region of the Araba, and it also predicts the future, that these Romans, after being defeated, will defeat the Iranian empire in war; in less than 10 years this event takes place, and then the believers rejoice. You see, God is educating a people to recognize its foreign friends and its enamies, to keep international developments and events under view and surveillance, and the diplomacy of state, which in the future is to come into being

following dangers and problems, is now being taught to the people. This event which tom place with the defeat of a second empire, the Romans, by the Iranian empire, is unfortunate, but later, after they triumph, the Howlens must be glad, because, in order for a nation, this nation which goes by the faith, which is the criterion for the judgment of the world's nations and countries, must slav have a criterion in faith. It is true that the Romana alienated themselves from divine religion. Their book was distorted and they became corrupt. Ronothaless, they were superior to the "Hague" of the Zorosstrians, and the Zorosstrians were superior to the infidels - this is how lolan classifies peoples. Therefore, victory for that nation which is closer to the Hosless in war with a government which is farther from the Moslems to a source of loy for Moslems. God administers and educates this people to realize that they themselves cannot overcome the whole world alone, they must classify governments which enemy is the basic one, which enemy is of the second grade and the third grade -different places of refuge. This is one point, the point on faith. Sometimes it is possible that the very Christian people who are closer to the Mosions will constitute a more immediate danger; if they become dominant over the Mosleme in an area, then they will become the basic danger. A group of materialistic athaists and idelators who are remote from the standpoint of faith, these people are more dangerous, they are worse, but from the standpoint of military policy it is possible that theirs is a more remote danger. Here again there is another criterion, and these criteria must be used in their proper places. God wants this diplomacy which is adopted by the prophet to be steeped in the thinking and emotions of the masses. He does not want it to originate from above, from the Foreign Hinlatry, from the leader. All devout people must think in step with the prophet, and foreign policy, domestic policy and all matters must be raised with them. This is prophetic leadership.

# The System of Councils in the Army Is a Violation

Thus, no secret must be hidden from the people. All foreign matters, and also domestic ones, must be raised with the people. This is what the commander of the faithful says, that among the rights of you the people for which I am responsible, one is that I not hide a secret from you. One of the rights for which I am responsible to that I not hide a single one of the secrets of the government from you, except for the military secretssince it is possible that the enemy might understand the military secrets. Thus it is that in a military army, a council which people are talking shout, and the fact that the soldier or noncommissioned officer must also know those things which the commander knows - this is essentially against Islam. One must not allow those secrets which it is possible the enemy might understand to be like the secrets which exist in foreign policy. In this manner, when the enemy becomes informed, it is dangerous, so it must not be said. However, political analyses, folamic realities, must always be raised before the people. We reach the point that it is true that during the period of formation of the nation it is necessary to acquaint the

people with new notions, new theories, new policies, and this in itself is part of the cultural revolution. However, when the government is being established, that does not mean that the cultural revolution is coming to an end. Guitural revolution is a continuing activity, a continuing holy wer, an unending one. Why? Secause one generation grows old and a new generation comes into being, and a nation is in the state of dying and being born and in the state of growing; this a continuing activity. In addition to that, the people are exposed to the enemy's intellectual and cultural temptations and plots and it is necessary to carry out continuous activity about that, a continuous cultural hely war, an ideological one. However, a theory which unfortunately has been raised in our country, because of ignorance or lack of information or prejudice in some matters, is the Harmlet theory which is also being declared by the mass media.

## The Superiority of Spirit over Matter

It to also being declared in the presence of some officials, and unfortunstely officials have not become avers of the fact in order to respond to it. It was published that someone said, "The cultural revolution is the final stage of the social revolution." This is that very Harmist theory which believes in the superiority of matter over the spirit. From this people have concluded that the relationship between spirit and matter and the relationship between mind and matter is the relationship of acquiescents and impressibility. It is not human thinking and human will which change the material world, but rather changes in the conditions of production, and changes in production relations and before that in modes of production, which cause political revolution to appear and then cultural revolutioncause revolution to appear in minds and in thinking. This is the same theory which constitutes historical materialism and which Harn propounded and unfortunately these storehouses of historical materialism were expelled from Western Europe and the civilized countries and finally came through agencies which are known to exist in countries like Iran and countries which were surrounded by the enemy and were imprisoned in a fortress by importalism and tyranny. Following the revolution, people spread them about, also making use of this freedom, in reality abusing it. Perhaps sion some of these people are young and uninformed, which is not a sin. However, someone who arrogantly comes and says these things and then says "I am a Moslan" - one must be careful; in telan, we have said, we have perinds. The Enran which is present before us and watching over us describes a Morre paried, from the paried of the emergence of the nation, "Those who believe," stating, "Thou who believe and committed proper acce." First faith, first powerty: that is the world view. A great learned writer made this same mistake before, that people first go on the hegirs and then a change occurs in the world view as a result of the hegira, whereas the history of lales and the foren, which is the sole document of the history of Islam, says that first the Moslems changed their view of the world, then were subjected to torture and suffering, and then went on the hegira. They went to Ethiopia and then made the Hegira and went to Hedina. First there was a change in world view. Of course, as our beloved scholar said,

this establishes the change in world view and stabilizes it in the spirit. Therefore, one must first impart to the people a change in world view in every revolution, in our opinion. People must even first think about their foreign policy, first must identify their friends and their enumies outside their country, and then make a revolution. When we made the revolution against the Shah, we slee made a revolution against his foreign policy. We also had a specific view.

Why, for example, did we raise the subject of Israel in our alogans? The subject of fermal was one of our foreign policy subjects. We were fighting against the Shah, American importation, and the ruling clique of that time. One of the reasons for our struggle was that regime's particular foreign policy. We were saying that we must be on the side of all the liberation movements in the world of lalam and outside the world of Islam, and must also not take steps against them. This was one of the points of opposition to the regime. Basically, the Islamic revolution would not have triumphad except as a consequence of the ideological unity of our nation, which is manifested in Islam; for this reason no one would have been apie to prediet the fall of the dragon of American imperialism in Iran. The regime thought that Marxiam, Communist ideas and materialism would grow and apread within Iran, and that Maratet and Leninist organizations would expand, and for 100 years it has been like this. It was for this reason that they thought that the Iranian revolution and the fall of the imperial regime would take another 100 years.

#### Hembers of Council

# Tehran JOHNET-YE ESLAMI in Persian 14 Jun 80 p 3

| Decree by Khomeynl: "The Revolutionary Cultural Council in Being Formed by the leader of the Revolution, Eman Khomeynl"|

/Text/ By decree of Ream Khommyni, the leader and founder of the leiamic Republic of Iran, Hosers Hohammad Javed Bahonar, Hebdi Rabbani Amoleshi, Hasan Habibi, Abdolkarim Barvash, Shame Al Ahmad, Jalaloddin Faret and Ali Shari'stmedari have been put in charge of establishing planning councils for the various branches and the future cultural platform for the universities. The text of Eman Khommyni's decree addressed to the seven-man commission, which was issued yesterday, is as follows:

In the name of God the most marciful and all-compassionate:

Some time ago, the need for a cultural revolution, which is an Islamic matter and a demand of the Moslem nation, was declared. So far, no effective basic step has been taken, and the Islamic nation—in particular the devout, committed university students—have been anxious over this, as well as over the disruption by conspirators whose effects right now can be seen from time to time. The Moslem nation, which is devoted to Islam, is afraid that, God forbid, the opportunity will vanish, that no positive action will be

taken, and that culture will remain as it had throughout the period of rule of the corrupt regime. The uncultured managers placed this important, basic center at the service of importalists. It clearly is apparent from the activities of the university that, except for a limited number of committed, devout people who have in spite of the requests of the universities have been in the service of the nation and Islam, others have brought nothing but damage and loss upon country, and the continuation of this scandal which unfortunately is the demand of some groups dependent on foreigners will bring a destructive blow down upon the Islamic revolution and the Islamic Republic. Permissiveness in this vital matter is high treason to Islam and the Islamic nation.

On this basis, the responsibility is being granted to the honorable Massrs Hohammad Javad Bahonar, Mehdi Rabbani Amoleshi, Hasan Habibi, Abdolkarim Servesh, Shame Al Ahmad, Jalaloddin Faret and All Shart'stmedert to form a staff and to invite people with committed views, committed devout university students and other committed groups of educated people who are devoted to the Islamic Republic to form councils and to proceed to plan vartous branches and the future cultural platform of the universities on the basis of Islamic culture and to select and prepare proper, committed and aware professors and other matters related to the Islamic educational revolution. It is clear that in accordance with the above subjects the high schools and other centers of education which in the previous regime were administered by deviationist, imperialist education will be subject to careful investigation so that my beloved children may be made immine against harm and deviation. I beseach simighty God for the gentlemen's success in this important matter and call for the glory of Islam and the nations of lelan.

> Peace be upon you-Ruhellah al-Mosavi al-Khomeyni 13 June 1980

11867 CBO: 4906

#### HOSTAGE-TAKING IS 'WAR CRIME' SAYS FRENCH ACADEMICIAN

Paris LE FIGARO in French 8 May 80 pp 1, 3

[Editorial by Edgar Faure, member of the French Academy]

[Excerpts] In various declarations the kidnapping of the American hostages in Tehran has been presented as an act of war. That definition, which is sufficient to legitimize the Tabas attempt, is certainly exact, but it is incomplete and, if we may use this expression, it is degrading.

This is not merely a question of an act of war, but rather of a war crime, belonging to the category of those crimes whose responsibility goes all the way to the highest levels of power. That transgression can equally well be called a state terrorist act with the double circumstance that it was committed within the jurisdiction of the state and against foreign persons (who are furthermore exempt from that jurisdiction through immunity). We find here again an exemplary application of the concept of the gangeter state evoked at Nuremberg.

Juridically that crime is incomparably more serious than a military action. The latter, even if it is aggressive, still has its place in a certain framework of law (correctly called the laws of war).\*

From the point of view of simple morality, it is incomparably more odious. In fact, the person who attacks with arms, whatever may be the injustice of his case, incurs a certain minimum of risks and the victim may have available a few means of resistance, whether immediate or delayed, while in the Tehran affair the "students" are acting with complete impunity and the unhappy hostages are at the entire mercy of the executioners.

<sup>\*</sup>If it is admitted, according to a recent tendency, that war in a general way enters into the sphere of criminal activity, it is a question of an extended concept with regard to which crimes against humanity, such as the taking of hostages, represent a higher degree of criminality.

This crime is characterized by its covardice, and it is impossible not to recognize in it certain characteristics of sedies. It is stupefying to observe that the covardice and that sadism, being used to torment innocent people, most of whom are of low rank, are exalted and sanctified in the name of religious faith and divine power.

Paced with this abominable act, the United States not only had the right, but it can be maintained that it had the duty, to try something. It is not merely a case of human lives and national honor. It is a question of defending an essential value of civilization, which demands that such acts not be tolerated. Correlatively, our duty induces us to fully approve the American attempt and to do that not at all out of any particular consideration such as our obligation as an ally, but as an obligation of our conscience on the highest level. It is in no way a question of "alining" ourselves on American policy because of this occurrence. And the reservations that American policy inspires in us on other subjects is well known. The crime of Tehran must not be included in an amalgam with the Afghan conflict, the Olympic games quarrel, etc.

it is a question of defending humanism and humanity against a crime justily called a "crime against humanity," or according to an expression that we prefer: a "crime against the human condition." Thus we must not hesitate to recognize in the situation created by the Iranian state some traits analogous to those which characterize Hitlerian antihumanism and which inspired the Nuremberg jurisprudence. The circumstances which permit the number of persons imprisoned to be limited and the fact that none has lost his life can no doubt provide our sensibilities with a certain comfort, but they do not erase and they do not alter to any degree the specifically and intensely criminal character of the crime that is being prolonged in Tehran and whose criminal State of Iran has taken the responsibility. Hurder is not the only kind of crime: the privation of liberty, humiliation, cruelty, blackmail, are no less reprehensible and without any doubt they are, if an exception is made of the persons directly concerned, more hateful and more dangerous.

The security, the stability, the credit of a state are not put in danger by a frontier incident which causes 50 deaths, but its vital interests are compromised by 30 imprisoned living persons. The crime against the human condition reveals a force of contempt for human beings, and through them, for the species, which does not necessarily exist and not necessarily to the same degree in the crime of ending a life. Thus we perceive its relationship with genocide rather than with murder. Perhaps it will be a surprise to see an attack concerning a few tens of persons compared to a form of criminality which implies the disappearance of millions, and connect the Tehran affair, for example, with the massacre of the Cambodian people by the Khmer Rouge; however the harmfulness of the crime is not appreciated only or principally in a quantitative way. Both of those crimes suppose the same philosophical substratum which we have tried to define by the notion of "antilav"—itself a corollary of the existence of a power branded by evil.

In addition, do we not feel that the persistence and the impurity of that vile action, applied to innocent and defenseless human beings, in a kind of general indifference, promotes a danger of corruption for the psychic health of the entire world?

The long duration of the event, the weeks and the days which keep adding up, seem to efface the gravity of the offense while it is multiplied by them. The blunting of indignation, the hypocritical chicanery that we see suggested here and there, the way that the civilized conscience has gone to sleep, the impudence with which people try to take away responsibility from the torturers by incriminating the sudden appearance of the rescue mission, are not the smallest harmful affects of this drama where we would be very wrong if we saw only one episode.

From the point of view of law, from the point of view of morality, the French position must not indicate even the slightest equivocation nor the slightest reserve. As a consequence, we must think and declare that the President of the United States has done well to try to undo by force a situation created by force.

The setback of that attempt should not modify the text of the law. The detention of the hostages does not become less criminal. The liberating intervention does not become less legitimate as a result. When justice, tracking down a crime, is outrun, the roles are not inverted for that reason.

It would also be a political error and at the same time a moral impropriety to heap sarcasm upon the failed execution of a project whose intention is not worthy of blame, whose necessity cannot be denied and whose execution, even for the most powerful state in the world, could not be easy.

"There is no policy that is not risky but there are some policies that are President Carter has done well in taking risks, even if they were enormous, as of the instant that they were the counterpart of a chance, even if it were minimal, to disengage the United States from the trap which closed on it (and without our knowing it, on us). In such enterprises, the possibility and even the probability of a setback are the gauge of the possibility of success. To find fault with today's setback is to exclude tomorrow's success. The frank explanation which was given by the President on television contained nothing laughable and nothing pitiable. By claiming the responsibility and by giving an account of it, he acted like a statesman of a democratic country. Under that circumstance of defeat, for the first time perhaps he did not give the impression of naivete and of lack of resolution which up to now had been attached to his person. The lack of success in an option of force is not a sign of weakness. It will be necessary to renew the risks to find the chance again. We are in one of the crises of the life of the world which justify in an exemplary way the Hegelian dialectic of the master and the slave. He who is not disposed to risk his life for his liberty-and for liberty itself-has already been offered as a slave. We can see well elsewhere what the strategies founded

on the exclusion of risk can give, like the strategy which attempted to make the Russians leave Afghanistan by proposing to defend Pakistan (which was very wary about accepting that present) or by depriving Moscow of the Olympic Games. However much it may have seemed chancy to us to follow the policies of the United States in its meanderings, to the same degree our duty is clear to support the United States without reservations. In this decisive crisis for the civilized world, for the rule of law, for the imperative of good, it is not only their cause which we are embracing. It is also ours. From Nuremberg to Tehran the lineage of false prophets and illuminated demoniacs is not extinct. Let us not deceive ourselves: it is the very grimace of Nazism which we see sketched on the ambiguous mask of a sermon.

12116 CSO: 4900 BEHESHTI: PROBABLE SUCCESSOR TO PRESIDENT BANI-SADR

Paris NAME-YE RUZ in Persian 5 Jul 80 pp 9, 10

[Text] The newspaper TIMES OF LONDON carried an interview concerning conditions in Iran with Ayatollah Beheshti, leader of the Islamic Republican Party and chief of the Supreme Court. The newspaper writes that if Bani-Sadr is removed from the presidency, Ayatollah Behesti will be his successor.

The TIMES newspaper, in a portion of its interview with Ayatollah Beheshti, writes: Ayatollah Hohammad Beheshti has the habit of pushing his turban to the back of his head while talking with reporters, and drying his forehead with tissue paper; when he confronts difficult questions, he deepens his voice.

When it was mentioned to him that the Iranian rev lution is not proceeding with the calm that he and his colleagues in the past had hoped for, the ayatollah looks askance at the speaker, shakes his hand in annoyance, and says: "When you study the history of our revolution, you realize that it has continuously been confronted with problems. This is a natural matter. When people here say that they are discontent, it is because they have had no experience with a previous revolution. Problems exist—but they will be solved."

As chief of the Iranian Supreme Court, the real leader of the Islamic Republican Party, secretary of the Revolutionary Council, and a possible candidate for the presidency in the event of Bani-Sadr's removal, Ayatollah Beheshti is an unparalleled power-broker. He administrates the Ministry of Justice, one of the shah's former ministries, which is in a large three-story building ">cated in the vicinity of the Tehran bazaar.

Because the Supreme Court has not yet been formed, the ayatollah doubtlessly looks from afar at the revolutionary justice of Iran. But the courts which order summary executions, and the ministries which purge their employees with real, contain influential members and supporters of the Islamic Republican Parcy, which is the largest party inside the Majles. Thus it is not surprising that Ayatollah Beheshti admits he is not upset about the present executions and expulsions. He says:

"Have you not observed that a very small number of persons have been executed for inefficiency in the ministries? Those who have been executed belong to another class--they are opium and heroin dealers."

The ayatoliah does not think that the executions have brought about restraints on freedom of speech. Even the statement that it is possible that Iranians may be afraid of expressing their views in a society drowned in the thought of counterrevolution, brought about questions from him in return. He said:

"Certainly it is correct that certain restrictions have been created for news agencies, but this has not brought about a situation in which news agencies cannot express their own opinion. But can you say to me that several persons told you that they do not have sufficient freedom to be able to express their own opinions?"

When the ayatollah is told that out of 30 Iranians interviewed, 20 of them expressed this sentiment, he repeatedly asks: "From which class?"

When it was stated to him that most of them belonged to the middle class, he asks in what part of the city they were questioned, certainly expecting to be told in the north of the city, which is the comfortable district of Tehran. When he was told the interviews were conducted in the center of town, he expresses his disbelief and says;

"Some groups want to claim that restrictions on freedom exist in Iran. But I do not believe this. They have sufficient amount of freedom for the expression of opinion."

The New Prime Minister and Dissolution of the Revolutionary Council

The systolish can speak explicitly and also two-sidedly when expressing views about the country's affairs. For example, during a press interview yesterday he said that a new prime minister will be chosen in another 2 weeks, but he added afterwards that 2 weeks is a deadline for the Majles to ask the president to choose a prime minister.

Ayatollah Beheshti said that after 2 weeks the Revolutionary Council will be dissolved, but several minutes later he clarified his own words, and said: The 'role' of the Revolutionary Council will end 'implicitly,' meaning that it is possible another role will be found for it.

He denied the existence of a power struggle between Bani-Sadr and the Islamic Republican Party.

Death of Pah' vi Will Have No Effect on Hostages

According to news service reports, Ayatollah Beheshti said during a press interview that he does not think the fate of the U.S. hostages will be connected with the death of Mohammad Reza Pahlavi. He stated: "I do not think the fate of the hostages will depend on the deposed shah's life, because the goal of this matter (taking the hostages) was to onnounce U.S. crimes in its relations with Iran, particularly during the last 25 years."

Avaiolish Scheshti eaid that the preliminary work of the Hajles will and in shother 2 weeks, and at that time it will ask the president to appoint a prime minister. When he was asked on what date the Hajles will make a devision about the hostages, Ayatolish Scheshti eaid: "During such revolutionary times it is not possible to set a date for every affair."

9597 C80: 4906

#### MAJLES REPRESENTATIVES GIVE VIEWS ON ISSUES

# Basargan, Others Speak

Tehran BAHDAD in Persian 29 May 80 p 7

(Text) With the establishment and opening of the first Consultative Assembly of the Islamic Republic of Iran, attention is focused on the form that it will take and the laws that are going to be approved. Current problems and issues which face the country require the approval of progressive laws by the Majles. Several representatives were approached and were asked to express their views regarding both the form of the future Majles and responsibilities of the deputies.

Exact Observance of Constitution

Tehran representative, Mehdi Basargan: The future Majles is faced with responsibilities that ought to be carried out meticulously. In this, it must act honorably and conscientiously in accordance with the needs and requirements of the country.

At this crucial moment, the Majles should pay attention to vital issues, and mostly to the nation's security and order and to the turning of the wheels in the direction of the wishes of the people and the requirements of the revolution.

In connection with various Hajles factions, we must wait for the assembly to begin its work and see what factions spring up by the existing thoughts. It is not possible at this time to predict anything and we must wait for the Hajles to begin its work.

As I mentioned before, the Majles must perform its duties in accordance with its revolutionary conscience. It must support the establishment of order, creation of Jobs and security. Its most important task is to implement the constitution.

Continuation of the Line 'Neither western for fastern'

Aystoliah Seyyed' All Miameneh'i, Tehran deputy: "The most important tasks the deputies face are, first, the determination of the course of the foreign policy of the country and its adherence to the principle of "neither Western nor Eastern" which is pointed out continuously by the imm and the people. The second task requires immediate attention to welfare and development problems. In other words, the most important task is to pay immediate attention to the problems of the people, especially the deprived and the needy. These, no doubt, could not be attended to until after the internal procedure of the Majies in approved and the new approximent is formed.

As for Majles factions, nothing may be said at this point. Whether there are going to be factions or not, or under what names and titles, nothing is certain at this time. The idea of Majles factions coming into being, of course, could not be ruled out entirely. Deputies will enter the assembly with different political thinking and ideas. This is apt to result in some corts of groups and factions in the Majles. Anyway, I believe that relations between the Majles and the public are going to be very good and considering that we had a good general election, as the lass binself has noted, relations between the people and their representatives will be good."

Public Support of Political Groups in the Majles

Hojjatolesies 'Ali Aktar Hashemi Rafeanjani, Tehran representative: "Representatives bear serious responsibilities. First, they must make sure that an effective government is formed. Next, is the important question of supervision (of the government). Third, is the issue of legislation. Hany laws that are inherited from the old regime need to be changed. Since we are entering a reconstruction period the Majles will be very busy. Agreements and foreign relations will have to undergo changes. As we know, changing agreements is the responsibility of the Majles, and a serious one at that. As to parliamentary factions, the existence of a variety of views in the Majles is useful when various issues are discussed. Other than that the Majles will become a dead place. But we are not going to face any difficulty in the Majles as the majority of the representatives follow the same line. I must add that it is my hope that the Majles will be able to create stability in the country and we expect that people and political groups outside the Majles will support us. If this organ remains strong, stability could be achieved easily in the country.

# Drafting Revolutionary Leginlation

Nojjutolenian Dr Mohammad Suhonar, Tehran representative: We have placed our hopes on the Majles. We have had a good election and it must be said that the Majles is one of the most important organs of the Islamic republic. We are fortunate to have a united and coordinated majority in the Majles which is the same as the line of the Imam and the revolution. The Majles is charged with serious responsibilities. In the past when the revolutionary council was operating, the country was in an exceptional position which required immediate

planning, reform of the administrative system, economic relations, the problem of distribution of the national wealth, the industry and national security, are for the Majles to decide on and to draft new ingislation or to review the existing laws.

sake some changes only in emergency cases. It is now up to the Majies to draft legislation in accordance with the revolutionary order of the islamic republic. The assembly must therefore proceed with extreme caution and an open mind in order to be able to draft legislations compatible with the spirit of the revolution. Committees bear heavy responsibilities too and a great deal of the representatives work has to do with these committees. We are, of course, going to appoint experts to these committees. I must point out that we should plan in advance and not wait for the events to force projects and plans on us. Also the assembly must appoint and approve the future government. This is the important mission of the Majies the importance of which has been confirmed by the luan.

### Majles: Reflection of Constructive Thoughts

Dr Seyyed Ahmad Madani, Kerman representative: "The Majles is one of the three important organs in the nation. These three branches have the responsibility of governing the country. They reflect the system of the Islamic republic. Among the branches, the legislative is more important in determining the fate of the nation and the leader of the revolution has pinned its hope on it and its activities. That makes the Majles far more important than it was before. In a country where a revolution has taken place and the new order of Islamic republic has replaced the old regime, regulations should also keep pace and become coordinated with the progressive order. The extent of the activities and the authority is not yet clear. It is the responsibility of the assembly to show the way and do away with the obstacles and possible dendends. It will be a grave mistake if it did not fulfill this important tank, It must act as a guide to the government and the head of the government, trying to he'p them restart the wheels of the country and make it go forward parallel to the country's spiritual growth. Responsibilities of the deputies are, therefore, very serious at this critical period, and the expectations of the nation and the leader of the revolution are very high. It is with this knowledge that we enter the Majlen, hoping to be able to carry out our responsibilities with respect to forming our revolutionary plane. Obviously, and in view of the Mailes moving in unity in the direction of the revolution and the guidance prowided by its leader, it must become a reflection of constructive thoughts. I would like to once again emphasize that moving in the direction of the revolution and the Islamic republic will eventually benefit the nation. To achieve these goals various parliamentary factions will naturally be formed and deputies will try to join factions closest to their political thinking."

Regarding whether he was thinking of forming any particular faction, Dr. Madani said: We are not going to make any special arrangement with anyone at all.

In colatilet a "united national front," we are prepared to accept anyone who wants to move in the direction of the guidance provided by the leader of the revenution and the Islande republic."

Eradication of Traces of Old Regime

Aystolian Knaikhali, Gen representative: "There are great differences between the Island Majles and the old Majles. The anomaly is committed to Island to the Island Majles are the oppressed and to the oradication of the trades of the old regime. These are the most important tanks of the department of the area from them by our oppressed and tertured Maslem countrymen who have offered thousands of martyrs. The rendering of Islands services is the duty of everyone which must be carried to the very end. Supporters of the western style democracion and liberal intellectuals must be fought step by step. The way of Island and Islands civilization and culture must be recognized and introduced. I hope we will be able to rid this country of all the criminals, middience and supporters of the old regime. For this we need our nation's support. Representatives whose words will serve the old regime must be recognized and introduced so that they could be thrown out by the people."

Consideration of Unity and Coordination

Notification in Manner Mojtahed Charectari, Tehran representative: "Dis is the first Majles of the Islanic Republic which, in fact, will lay the foundation for future sensions. If it fails to enact Islanic laws, and if it does not succeed in establishing social justice, not only the Iranian people, but all other oppressed people, who have set their hopes on the Iranian revolution, will despair. Because of the internal unrest and the fact that the nation is also expensed to outside threat, the Majles has greater importance and the representatives greater responsibilities. Considering our time period, I believe it is necessary that we strictly observe the following:

- i. Uncommonary speeches and arguments and the grinding of axes must be avoided as that the anomaly sould devote its attention to serious matters while at the came time the principle of solidarity and unity is preserved.
- 27. The Maller abould be given an Islanic quality with the problems, both international, approached in accordance with the constitution, always following the line of the Imm and the revolution.
- in legislating, important and urgent bills should get priority as there will be very many bills and very many regulations and laws which will need to be changed or revised. The same is true with international agreements and pacts. Some of these are important and urgent and must be attended to immediately and could not be postponed such an example is the cultural revolution without which our political and economic revolution could not be guaranteed and will not be able to establish security and rebuild the economy to become self-sufficient in agriculture and industry and resolve the hostage issue, which the Imma has left to the Majles. It is therefore necessary that all these matters be given priority."

Reviving the Agriculture, Animal Husbandry and Holving Unemployments

Chasrow Quahqu'i, Oqlid deputy: "We cannot predict what shape the assembly will take. For example, prediction about the Fourth Majion by everyone was that it was going to be a bad one but the opposite was true. So, the future of the present Majion cannot be predicted, but I believe that it will be effected by the situation outside. The most important and primary responsibilities of the Majion is to keep the interest of Islam and the country in mind, and in view of the fact that imperialism has created an artificial crisis in the country, the urgency to make the country self-sufficient is felt in every field.

it must be noted that since the constitutional monarchy, this is the first time that the Majles has taken this shape. Because of the high number of clergy in the Majles, some people do not believe it as being appropriate and do not approve of this composition. But I must add that during the monarchy we witnessed Majleses in which the clergy played a progressive role. Now, we have no reason to believe that the present composition will not be good, and with the guidance and leadership of the lnam, it will be moving in the right direction.

Animal husbandry and especially the question of pastures should receive special attention. Revival of the country's agriculture, unity and the solution of the problem of unemployment should also be on the agenda of the Majles.

### Zahrani Discusses Issues

Tehran KEYHAH in Persian 27 May 80 p 6

[Interview with Repyed Armad Enhraini, Desful representative]

(Test) Desful--In an interview with KETHAR, Desful representative Seyyed Atoms Schrani expressed his views about the new legislative assembly, its legislative program and future development plans for Desful.

Senial Efforts and legislations aimed at carrying out an ideological and senial revolution in order to implement an Islanic culture and create new values coupled with efforts to wipe out mental dependency and fascination with the West, are among the issues to be given priority. Islanic economic plans, the ending of man's exploitation of man and creation of social and economic justice, eradication of unemployment, discontinuation of economic dependency on Western capitalism, plans for the continuation of the revolution with international dimensions, planning of a foreign policy that will give an all-out support to all liberation movements and the oppressed nations fighting against colonial order of both the West and the East, should receive primary consideration."

Turning to the problem of agriculture in the country, Eahrani said: Approximately, 22 million people in the country are engaged in agriculture. They lack the most basic necessities of life. As a result of the oppressive rule

of the eld regime they were dealed everything. The pumple of Berful were no exception. In some villages in the berful area, because of lack of schools, children are taught in bathbouses. Villages in south of Berful do not have enough water. These and other problems are among the most important questions that I will have in mind and will attend to in the Majles.

Discussing various other needs of his constituents, the besful representative said that after the immediate needs of the people are taken care of long term plans to revitalize and develop agriculture will have to be given preference. He said he helieved rural problems should be given priority and was of the opinion that local authorities could, in cooperation and coordination with the people, take effective steps in eliminating the shortcomings and creating a new scalety based on true Islamic principles.

come beach.

#### ACTIVITIES OF CLANDESTINE RADIO STATIONS NOTED

Tehran EXCLUSIVE in English 16 Jun 80 pp 4-6

[Text] With only a few weeks passed since the operation of Persian language secret radio who are against the Islamic Revolution of Iran. it has been most successful in drawing a large number of listeners among the urban dwellers and the number is rapidly increasing. Although the officials of the Islamic Republic have remained silent over these radios, and the press or the state radio and television do not comment on them, it has, nevertheless created source of concern among them, Presently, apart from Radio Baghdad which regularly publicises against the Islamic revolution of Iran, there are two more radio stations which brondenst two hours each night. One of these radios calls itself the "Liberation Porces" which is believed to belong to General Cholam Ali Ovaisi and other former Imperial Tranian army generals, while the second radio is promoting former Prime Minister Shahpour Bakhtlar's ideologies and of course his supporters'. Both the radios do not give any credits to the Shah, but unlike the Liberation Porces, the radio belonging to Bakhtiar's supporters even condemns the Shah as well as Ings Rhomeini. The Liberation Forces radio has largely focussed on the army personnel in Iran and constantly ask them to get ready for the day when the liberation forces would march in the country to liberate the country and the people. It also issues then with orders not to support and etrengthen the present Islamic regime and do not get involved in wer with the Rurdish, Beluchie or other brothers who are "fighting for the independence of Iran."

The radio also calls the former army generals who cooperate with the present regime as traitors and makes particular reference to Hussain Fardost, one of the oldest friends of the Shah and his security adviser who is presently working closely with the Islamic regime in Iran.

Free Iran Radio, apart from broadcasting Dr. Bakhtiar's message, also gives various information about the leaders of the present regime and their relations with the foreigners as well as the financial corruption of the Hullahs. In the last week's programme, the announcer claimed that Dr. Mostafa Chamran's new wife was the sister of the PLO leader Yanser Arafat and that Baden Quitbradeh was connected with the British Intelligence Service.

125

Exclusive sources report that President Bani-Sadr has assigned his special survey group to collect a data of the number of listeners to these radios and state their social status. The result of the studies have indicated that between 60 to 70 percent of those who were listening to the BBC during the last months of the Shah's regime are among the listeners to these radios and are among the middle class Francians who are civil servants or universities employees and students. Although the Francian listeners at first were somewhat suspicious about these radios, at present they are showing more interest to what is being broadcast by these two radios.

CBO: 4920

### DIPLOMATS ABROAD URGED TO OBSERVE 'ISLAMIC DIGNITY'

Tehren ETTALA'AT in Persian 7 Jul 80 p 10

(Text) Yesterday the Foreign Ministry issued a circular addressed to all representatives abroad and dependent offices. The text of the circular is as follows:

In the name of the Exalted. Representatives of the government of the Islamic Republic of Iran who are abroad are duty bound to observe the following particulars during meetings, and official and private parties (lunch, afternoon tea, dinner):

- 1. When invited by diplomats of other countries or the country where they are stationed, all Islamic principles must be observed.
- 2. As was previously ordered, under no circumstance should alcoholic beverages be used while receiving guests.
- 3. Wives of the political representatives of the Islamic Republic of Iran are authorised to attend parties and they are required to observe all Islamic principles.
- 4. Clothes of men and women should not be contrary to Islamic principles.
- 5. Refer to this circular when accepting a private or public invitation.

9597

CSO: 4906

STONING: REVIVAL OF 'A NEW REPULSIVE PRECEDENT'

Paris NAME-YE RUZ in Persian 5 Jul 80 p 7

[Text] The stoning to death of two women and two men in Kerman has been given widespread attention in the press around the world. In an article under the title of "They Mask by Chador and Kill by Stone", the newspaper LIBERATION writes: On Wednesday, Iranian executioners of judge Khalkhali were not sitting idle. They executed 20 people. On Thursday, in addition to other executions, they stoned to death two women and two men in the city of Kerman.

The newspaper LE HATIN writes that for the first time since the revolution in Iran, two women and two men were stoned to death in that country. This method of execution took place in Kerman. This is one of the methods of execution under the Koranic code that is reserved for people convicted of sexual and other moral offenses.

The newspaper LE MONDE writes that the court in Kerman had taken another step in the direction of setting up an Islamic society in Iran and had ordered four people to be ritually stoned to death for sexual crimes. It writes that this method of execution is prescribed by the Koran but had not been imposed in Iran for centuries. The condenned, two women convicted for prostitution, a farmer convicted for having raped a 10 year old girl, and an electrician with 8 children, for homosexuality and adultery, were first buried up to their chests and were pelted, after their heads were covered by hoods. It took them 15 minutes to die.

The condemned had been visited first by the mullahs. They had received abolition and then dressed in ceremonial "hoods of the dead". On the execution day, clergymen had collected stones of different sizes. The head of the court cast the first stone and was followed by the other five (members of the court). After the convicts were dead prayers were said and they were buried.

An Islamic judge in Kerman said that the stoning was not necessarily connected with Ayatollah Khomeyni's recent demand for a complete Islamization of the Iranian society. When asked why that form of execution had not been imposed before, the judge said: "Perhaps it is because the courts had not been following the proper laws of Islam."

The newspaper TIMES wrote: The protracted Iranian revolution has set a new repulsive precedent. It has stoned four people, including two women, in the southern city of Kerman. They all had been convicted by a revolutionary court for sexual offenses only a few hours before the execution. Before their execution, they had been dressed in white garments and were then buried up to their chests and pelted with stones each as big as a fist. Except for Saudi Arabia, this is the first time in living memory that anyone had been stoned to death in the Middle East. The stoning to death have been carried out for centuries in villages in Iran and elsewhere in the Islamic world, and in the past 100 years members of the Baha'i sect had been stoned to death in Shiraz and Tehran, but this had been done by the mob rather than by court order.

The stoning to death of convicts has been described as a traditional Islamic method of execution. It would be more correct to describe it as a semitic tradition. Long before the birth of the prophet Mohammad, prostitutes were stoned to death and, according to the Bible, Jesus had tried to put an end to it.

9561

CS0: 4906

RELATIONS BETWEEN ARMY, CIVIL AUTHOR. TIES DISCUSSED

Parts NAME-YE RUZ in Perstan 24 Jun 80 pp 11, 12

/Article: "The Army and the Islamic Republic"/

/Text/ The correspondent the newspaper LE MONDE sent to Iran writes that the leaders of the Islamic Republic still, 17 months after the overthrow of the regime, do not have control over the means of power which they triumphantly mobilized. Where then that, there are signs that the various major institutions of the state are suspicious, indifferent and even hostile to the new regime.

The armed forces, which ought naturally have formed the basic pillar of the republic, are the cause of more discomfort to officials than before. In spite of that, use has been made of everything. The dependence on the American Defense Department has been severed and thousands of American advisors have been expelled. A terrible liquidation is apparent: Hundreds of high-ranking retired officers have been detained or executed. Junior officers and soldiers have formed "people's committees" like councils, and they still control many of the units of the forces; they sometimes even appoint their own officers. Islamic or Harmist political groups have created secret cells of their own partisans by exploiting the tumult which existed in the first months.

However, the Shah's army has nonetheless not been completely eradicated. The new regime is lacking in high-ranking personnel who are at the same time both fit and loyal to "Islam." As a result, command positions have been given to officers who were members of the royal army, joined the revolution at the last moment, or had been removed in the past for non-political reasons.

The "traffic of generals" from the time the Islamic Republic was founded shows that it has not been a satisfactory experience. Officers in high positions have either resigned, one after the other, or were removed from their positions after they were unable even to create apparent order, or after they expressed criticism and disobedience.

It was imagined that the removal of the commanders of the three forces in the past few days also expressed this principle. However, information which has not been confirmed by official sources shows that these "resignations" were related to a plot whose objective was to overthrow the regime.

Officials are exhibiting great secrecy on this subject. However, the "great anxiety" which Fmam Khomeyni recently displayed about the future of the Islamic Republic and the repeated warnings President Bani Sadr has given about the dangers of a coup d'etat, it is said, are not without a relationship to the plot which did not enjoy success as a consequence of the failure of the American military mission last 25 April whose basic objective, according to a statement by Washington, was to free the hostages in the American Embassy.

## Eliminating Emam Khomeyni

On the basis of statements by some of our sources, the Tabas helicopter operations had two objectives which were inseparable from one another. While American military personnel were freeing their fellow citisens, Iranian opposition commandoes were to take over strategic points in the capital, including the radio and television station and main garrisons throughout the country, and neutralise the guards with the aid of paralysing gases.

The main religious leaders, headed by Emem Khomeyni, the Tudeh Party, and the Hojahedin-e Khalq, whose homes had previously been "identified," were to have been detained or killed. The main lines of the plot are not of course clear. We know only that it would not take the form of an ordinary coup d'etat, since attention was to have been paid to the condition of several forms of armed forces -- the loyalty to the republican system of a large number of soldiers who were Hoslam or oriented toward the left. This plot comprised various non-military, military, power-seeking, nationalist and liberal circles whose common objective was to eliminate Emam Khomeyni and to normalize relations with America -- which would have been possible with the freeing of the hosteges. In any event, members of the supreme command of the armed forces took part in this plot. Some of them are accused of sympathy and others of cooperation. Gen Bahman Bageri, the "resigned" commander of the air force, is said to have been arrested. The charge against him is that he bombed and burned the American helicopters by air 24 hours after they were abandoned in Tabas so that documents which were of danger to the Iranian plotters would thereby be destroyed. Gen Bageri, who in the past was the adjutant of the Shah and special tutor of the crown prince, "joined" Eman Khomeyni shortly before the fall of the monarchy.

The status of Gen Hadi Shadmehr, commander of the joint staff, is less clear. He is an extremely chaste man, could not stand the corruption which governed the army during the previous regime, and resigned about

25 years ago. This important position was assigned to him in spite of his conservative views and perhaps even his power-seaking ballafs. Did he siso participate in the plot? Some people accuse him of having engaged in hostile measures by assembling officers opposed to the Islamic republic. There are various opinions concerning him, since President Bani Sair appointed him to be his main military advisor, a position which is to be respected eithough it is honorary. What is interesting is that his successor as the head of the joint staff is Gen Valisliah Pallahi, who, as soon as the republic was established, was arrested as a "counterrevolutionary" but then joined the regime.

It remains to be learned why the fevolutionary Council presented the liquidation of the supreme command as a technical change and switch and why it waited almost 7 months before taking action against people rightly or wrongly accused of cooperating in the Tabas plot. The basic reason which has been expressed seems to be deep differences which exist in the leadership group. Some in this group believed that the existing documents and evidence do not sufficiently prove a crime. Most believe that it is not beneficial to the morale of the people for this scandal, whose facts will implicate persons who chose the commanders and then had this choice ratified by Bean Khomeyni, as commander general of the forces, to be publicly known.

11887 C50: 4906

## WORDEN DECREED TO WEAR 'ISLAMIC DRESS'; NEW SIGN ON FLAG

Tehran ETTELA'AT in Persian 7 Jul 80 p 2

[Text] Last night the Revolutionary Council under the leadership of Eng Mehdi Bazargan convened and examined current problems of the country. At the end of this session Dr Hasan Habibi, Revolutionary Council spekesman, read the text of the Revolutionary Council's announcement concerning observance of the Islamic dress code in government organizations. The announcement was as follows:

In the name of the Exalted. Our Moslem sisters welcome of Islamic dress in government offices and throughout society, which was the aim of the decisive guidance of His Excellency the Imam and the wish of the Moslem nation, has once again demonstrated for all to see the revolutionary virtue of our society's women. The Revolutionary Council of the Islamic Republic of Iran expresses its gratitude to all persons who realized their ethical and revolutionary duty in these critical moments, and practically demonstrated their resistance to the enemy's plots. To stress Islamic regulations, create coordination, and preserve administrative order and discipline, all government officials are hereby notified to take immediate action on the following items:

- 1. Notify all sisters employed in government offices to observe Islamic standards in their mode of dress in the workplace.
- 2. In the event of observing infractions, prevent their entrance to the workplace.
- 3. If infractions persist, the offender should be legally indicted for disobedience to administrative orders. Officials are duty bound to appoint persons responsible for the abovementioned items, and to prevent the interference of irresponsible individuals in these matters.

Revolutionary Council of the Islanic Republic of Iran

Dr Hasan Habibi, concerning the decisions of last night's session of the Revolutionary Council, said: In this session a decision was made concerning art objects and valuable objects, such as dishes and crystal, which are in government organizations and ministries. At first all these sorts of objects shall be collected in a central place in a ministry, and that place will be sealed. Afterwards a coumission, to be appointed by the Revolutionary Council, will closely examine all the objects, designate a place for each of them, and determine which once must be destroyed.

#### Iran's Flag

The Revolutionary Council epokesnan emphasized: The Revolutionary Council made a decision concerning the official Iranian flag. The official flag is tri-colored, with the sign of the Islamic Republic of Iran. The sign is in green in the middle of the flag, and undermeath it are written the words 'God is Great.' The remainder of the flag is plain.

Dr Habibi, concerning negotiable papers, said: In this matter it has been decided in general to use these papers until new paper arrives. But it is emphasized that new papers must be prepared as soon as possible.

#### Bani-Sadr's Announcement

An announcement was issued last night by Dr Abolhasan Bani-Sadr, president of our country, in connection with the observance of Islamic dress in government offices and ministries. The announcement is as follows:

The president has announced his points of view concerning the veil and lalamic dress in this announcement as follows:

Here is an opportunity for harmony in striving towards a spiritual revolution, which is a revolution of the heart and of values. The search for equality among Moslem people and the struggle to create an atmosphere of understanding and spiritual growth in the work environment obligates women employees to dress in agreement with Islamic standards in the workplace. our opinion there is direct correlation between type of dress, growth and development, as well as intellectual and spiritual manifestation. The Islamic government obligates itself to use all its development to prepare the ground for this growth. This is our view, and I am positive that our country's people will believe us, and trust that we are going to ever increase our efforts to raise the distinction and status of vomen. In view of our belief in the lofty position, development and elevation of women, all employed women are invited to come to work in Islamic dress, willingly and confidently. It is obvious that supervision of the matter of Islamic dress is only the responsibility of government officials, and that others in no way have the right to interfere in this matter. I have strong hope that our honorable women will interpret this action as a revolutionary act to further the Islamic revolution.

President Abolhasan Bani-Sadr

9597

CSD: 4906

## VIEWS ON MUCLEAR ARMS; IRAQI REACTOR

LD131834 Paris Domestic Service in French 1700 GMT 13 Jul 80

[Text] Moshe Dayan hinted on Priday during a mosting of lerael's leading political figures that Israel has the nuclear choice. A report from our permanent correspondent in Israel, Andre Scomena:

lorael will not be the first to introduce the nuclear weapon in the Middle Rast but it will not be behind its neighbors—this formula, which is not a new one, was reiterated by Hoshe Dayan during a meeting of a political club of which he is one of the principal sponsors. It was while reviewing the political and military eleution—all in all a positive balance, he stressed—that Moshe Dayan mentioned the atomic option.

On the Eastern front, comprising Jordan, Syria and Iraq, the Arabe have 7,000 tanks at their disposal, Dayan said. He added that if Israel felt the threat of destruction looming over it, it could be in a perfect position to say to its neighbors that they too could be destroyed.

For the moment it is France that is being violently attacked by numerous leves! i newspapers for its deliveries of uranium to Iraq. Two majority party deputies have announced that by way of protest they will not be attending tomorrow's 14 July reception at the French Embassy.

On the question of nuclear cooperation between Prance and Iraq, it must be remembered that Paris has delivered to Baghdad one nuclear research reactor, the construction schedule of which has not been altered despite the Seyne-sur-mer bomb outrages. It was less than 3 years ago, as a matter of fact, that explosions damaged certain parts of the reactor which were due to be shipped a few days later.

It is also known that the fuel delivered to Iraq cannot in any way be used to manufacture an atomic weapon, France having stated several times its determination not to overencourage nuclear proliferation.

CSO: 4820

#### ANNASSADOR TO LONDON SCORES REC HIDRAST INITIATIVE

LD032042 London Press Association in English 1927 CMT 3 Jul 80

[Article by Tom McMullan, PA diplomatic correspondent]

[Text] Britain and other common market countries, by their policy on the Middle East, may be charting a course towards "unimaginable calamities" [served] a Ambassador to London Hr Shlomo Argory tonight. [Sentence as received]

Hr Argory left no doubt that he was talking about war. The ambassador in a speech to the Institute of Javish Affairs in London said that, because of the combined efforts of the Soviet Union and the West, the Middle Bast today boasted one of the largest arosals of arms outside the United States and Bussia.

"If and when the showdown, which the Palestine Liberation Organization and its ailies are itching for and which Europe with its policies may unwittingly be lubricating, does take place it will involve among other things the deployment, in an area not much bigger than the Saliebury Plain, of no less than 15,000 battle tanks, 3,000 combat planes, thousands of artillery pieces, hundreds of missiles and close to two million troops."

The ambassador said this was greater than the combined firepower of all the combatants in Europe at any given time in the second world war. When another Middle East war took place it would be on all-out regional war from which nobody would emerge unscathed.

This was the prospect which those who ran the risk of a final showdown between lorselie and Palestinians should take into account—with its consequences for Europe and the rest of the industrialized world.

The ambassador condemned the recent Middle East initiative by the Common Market Summit in Venice, which called for "self-determination for the Palestinians."

largel for oil-that had been and continued to be the KEC's answer to the challenge of OPEC, he said.

CSO1 4820

#### BRIEFS

HABIN LEADS IN 'POST' POLL--Tel Aviv--Former Prime Minister Vitahag Rabin heads the Jerusalem PORT poll in the public's choice for the premiership, with Prime Minister Menshom Regin receiving the lowest support ever for a prime minister in office. Labour Party Chairman Shim'on Pares came in third. The elip in former Defence Minister 'Rear Weizman's popularity from being the most favoured politician is most noticeable, especially as he finishes neck-and-neck with Agriculture Minister Ari'el Sharon as the most popular choice for Defence Minister. Although als years out of office. Abba Eban remains the people's favourite for Poreign Minister, with incusbent Yitahaq Shamir hardly showing. Finance Minister Yiga'el Burvitz con-tinues to drop in public favour with a record 60 percent of those polled unable to pick a steward for the tressury. These were the results of the poll conducted by the Hodi'in Esrahi Applied Research Centre among a representative selection of about 1,300 adults. Nowhere in the results did Acting Premier and Defence Minister Yiga'el Yadin appear as a choice for any of the four senter portfolios in the cabinet, Yitshaq Moda'i, the premier's candidate for the Foreign Ministry, hardly rousters any support for the job. Centre Director 'Amiran Yargoni noted that as far as he could remember it was the first time in the history of public opinion polls in largel that an incumbent prime minister had finished second. He noted that Rabin was the choice of 43.6 percent of labour voters compared to 28.4 percent support for Pores. (Mark Segal) [Text] [TA081018 Jerusalen POST in English 8 Jul 80 p 1]

SETTLEMENTS FOR GAZA STRIP--Yesterday it was reported that work on two new settlements in the Gazif area of the Gaza Strip will begin within the next few weeks. Agriculture Minister Ari'el Sharon is finalizing the budget for the construction of the two settlements. A settlement group from the Sapo'el Hamisrahi Hovement is due to settle one of them. Another settlement, "Qatif Vav," is planned for later this year. The three settlements are part of a bloc of six to be established in the Qatif area, which lies between Rafah and the city of Gaza. [Excerpt] [TA101155 Jerusalem POST in English 10 Jul 80 p 2]

CBO1 4820

#### AMERICAGINETY TO SUSPENDED CONSTITUTIONAL PROVISIONS DISCUSSED

Paris AL-MINTAGRAL in Arabic 26 Apr 80 p 14

[Article by Hajib 'Abd al-Hadi: "The Kuwaiti Constitution Defines the Powers of the Government"]

[Text] The Committee for the revision of the Kuwaiti Constitution is continuing its meetings under the chairmanship of Mr 'Abd al-Ragga Khalid Eayd al-Khalid. The purpose is to review and amend the articles of the constitution which had been suspended by a state decree in the final third of the year 1976. Parliamentary life was likewise suspended, providing it be restored within a period not to exceed a years.

For 3 weeks, the executive authority has been sending its ideas to the committee for discussion and approval. In spite of the existence of differences of opinion among the 35 members of the committee, there is nevertheless near consensus to adopt the government ideas and incorporate them into amended articles of the Kuwaiti constitution.

iast week, a dispute arose between the government and the committee concerning the amendment of article 50 of the constitution. The government rejected the committee's view regarding the amendment of the said article whereby a two-thirds majority vote of the national assembly would be required to impose martial law. The committee's view would also require the government to sub-mit an advance request to the assembly, in which the government would define the period of martial law, and to submit a report on its accomplishments to the assembly at the end of this period. According to the committee's view, martial law would take effect only if the assembly approves the government's advance request.

The government insisted on its being given unconditional power to impose martial law. As a compromise solution, the government and the committee agreed that the government must obtain the approval of the assembly by a vote of 50 percent of the members plus one.

Article 90 of the Kuwait constitution contains the following provision: "The system of government is founded on the basis of the separation of the branches of government as well as their cooperation p to the principles of the constitution. It is not permissible for any upon to forge all or some of its jurisdictions designated in this constitution."

The account difference which emerged in the committee's last meeting centered on article 65 of the constitution. It contains the following provision:

"The Amir has the right to propose the laws and the right to approve and promilgate them. Promulgation will be within 30 days from the date on which the law is passed by the national assembly. This time period will be reduced to 7 days in case of urgency approved by a majority of the members of the national assembly.

With respect to the said article, the committee decided to give the government a period of 30 days [in all cases] to approve the law passed by the assembly. (The period had been 7 days if the law was referred on an urgent basis by the assembly).

The committee is continuing its meetings to complete consideration of whatever ideas the government may submit with respect to proposed amendments. The government insists that the committee should complete its work within the prescribed time period of 6 months, so that the government may set a date for parliamentary elections and the selection of a new national assembly.

Con 4802

# CENTRAL BANK REPORTS FIRST QUARTER MONETARY EXPANSION

Beirut THE ARAB WORLD WEEKLY in English 5 Jul 80 pp 11, 10

[Text] Kuwait's financial scene is completely free from the worries of dropping domestic liquidity, according to the latest quarterly Statistical Bulletin released by the Central Bank of Kuwait. The report said that during the first three months of this year, money increased by 4.4 per cent against 0.1 per cent in the previous quarter and a decline of 8.8 per cent in the first quarter of 1979.

Quasi-money also increased by 9.9 per cent against 2.7 per cent in the previous quarter and 6.6 per cent in the first quarter of last year. In terms of monetary expansion, the rate of growth in domestic liquidity as a whole accelerated tangibly in the first quarter of 1980, recording 8.4 per cent against 1.9 per cent in the first and the last quarters of 1979.

The acceleration in the rate of monetary expansion in the first quarter of this year may partly be attributed to the expansion in the bank credit, the Central Bank report says. Claims of commercial banks on the private sector (mostly credit facilities) increased by 5.8 per cent in the first quarter of this year, against just 1.6 per cent in the fourth quarter of 1979.

The growth rates of the net foreign assets of the Central Bank and commercial banks decelerated slightly recording 8.4 per cent against 9.4 per cent in the previous quarter. Apart from these trends, the rate of capital outflow subsided considerably due to the narrowed gap between local interest rates (on KD) on the one hand and foreign interest rates (particularly on the Eurodollar) on the other. The Central Bank continued to support local banks liquidity in dinars through discounts and swaps. The report said that by the end of March 1980, the balance of swaps and discounts totalled KD.454 million, compared to KD.399 million at the end of December, 1979.

In 1979, Kuwait's wholesale price index increased by 6.8 per cent over 1978. This was mainly as a result of the rise in the prices of clothing

and commetical, and a 16.6 per cent increase in stationery and medical items. These represent 25 per cent of the weight of the index. A 3.2 rise in foodstuffs, which is more than 70 per cent of the weight of the index, contributed also, to a lesser extent, to the increase.

The Central Bank report also said that on account of price hikes in all the divisions, the cost-of-living index increased by 5.2 per cent in 1979. The increase was mainly in medical, educational and recreational services (12.9 per cent) and clothing and cosmetics, and to a lesser extent in the rise in housing index and in durable consumer goods.

The report also contained preliminary data on Kuwait's foreign trade in 1979. These data show a 75 per cent increase in total exports over their level in 1978. This growth was mainly due to a 79 per cent increase in non-oil exports. The rise in the value of oil exports is due to a 50 per cent hike in the prices of oil exports and a 20 per cent rise in the volume of these exports compared to 1978. Imports also increased in 1979 over 1978.

The Central Bank report said that, owing to the fact that the rate of increase in the value of exports has exceeded four times the rate of increase in the value of imports, Kuwait's balance of trade more than doubled (221 per cent) in 1979 compared to 1978.

CSO: 4820

# INCLUSION OF MONCITIZENS IN SOCIAL SECURITY SYSTEM URGED

Ruwait AL-TALI'AH in Arabic 16 Apr 80 p 6

[Article: "Social Security and the Exclusion of Non-citizens"]

[Text] Mr Hamad al-Jav'an, director general of the social security foundation, indicates in his statement to one of our colleagues in the daily press, that ever since the social security law took effect, the phase of differentiation between Kuwaiti workers in the governmental sector and workers in the private sector came to an end. Their full participation in the social security system is compulsory.

Nowever, he said that the inclusion of non-Kuwaiti workers in the social security system, to which there is no objection in principle, requires some new measures and will take some time. He attributed this to the fact that there are still some social, employment and economic policies whose formulation must be completed. He also explained that the foundation is still practically an infant. Inclusion of non-citizens in the social security system in its first stages would impose a tremendous burden on the foundation, inassuch as the wages of the non-Kuwaiti amount to four times those of the Kuwaiti.

We realize that the issue of including all workers in the social security system is an issue which does not depend on a mere decision or on the original preparations of the social security foundation. Rather, it depends on social and political considerations beyond the authority of the foundation's administration. Still, it is necessary to stress that the problem is so important that administrative and regulatory difficulties cannot justify the failure to resolve it.

Social security for all workers without discrimination is a right established and reaffirmed by international agreements and by most constitutions of the world's nations. The social security system was the product of a long-standing broad-based movement which, in the end, compelled the government to decide to implement the system. However, it was deficient, because of its failure to include non-Kuwaiti workers who form 78 percent of all workers, as acknowledged by the director general of the foundation. What is the significance of this system if three-fourths of the workers do not enjoy its benefits.

Three years have now passed since the social security system went into effect for Kuwaiti workers. Certainly this period was long enough for the government to prepare for drawing up a special system which satisfies the right of non-Kuwaiti workers for social security.

9614

CBO: 4802

# PETRODOLLAR INVESTMENT IN FRANCE ANNOUNCED

Beirut THE ARAB WORLD WEEKLY in English 28 Jun 80 pp 8, 9

[Text] Finance Minister Abdel-Rahman Atiqi has declared his country's intention of investing its petrodollars in financial markets, such as banks and real estate, and its plan to acquire equity shares in French industries.

"Our economic ties with France are quite strong. And France's advanced technology is a prime factor contributing to our cooperation," he said.

Atiqi complained about "administrative impediments" obstructing channels of fruitful investment of Arab petrodollars in the Arab world. He underscored the option of switching investment to western countries.

"Arab financial institutions are by no means adequately developed as yet," he said. "These institutions are yet unable to cope with ever-expanding Arab economic potentialities, a factor responsible for the Gulf countries taking the option of investing in western countries."

However, Atiqi commended Tunisia and North Yemen as "areas of fruitful investment" for Kuwaiti money. He stressed the "inadequacies" of financial markets in Egypt, Syria and Jordan.

Atiqi attributed the current excess in liquidity to mounting government expenditures, the acquisition of foreign bank deposits and the return of Kuwaiti deposits from foreign to local banks. He also said that excess liquidity was caused by the reduction of interest rate differentials between Kuwait and foreign countries, and the recent drop in the value of some foreign currencies, compared with the relatively stable value of the Kuwaiti dinar.

High interest rates abroad were blamed for the shortage of liquid assets, with Kuwaiti deposits moving from local to foreign banks for that reason. Interest rates on short-term loans fell here to a record low of two per cent this June, after reaching as high as 15 per cent earlier this year.

#### BRIEFS

NEW LOANS FROM FUND -- The Kuwait Fund for Arab Economic Development (KFAED) has announced soft-term loans worth a total of about \$44 million to Cyprus, Djibouti, Gambia, Mali and North Yemen. The loans were reported last week by the Kuwait news agency, which said that the periods of repayment ranged from 18 to 36 years, with grace periods of between 3 and 6 years; interest rates varied between 1 and 4.5 per cent, plus 0.5 per cent service charge. It gave no breakdown of the terms for individual borrowers. The value of each loan was as follows: Mali DK 4.2 million (\$15.75 million), Cyprus KD2.5 million (\$9.37 million), North Yemen KD2 million (\$6.5 million), Djibouti KD1.5 million (\$5.62 million) and Gambia KD1.4 million (\$5.25 million). Only North Yemen has borrowed from the Kuwait Fund in the past two years. It received three loans for a total of KD7.6 million (\$28.5 million) last year. The latest loans bring lending by the KFAED in the first half of this year to at least KD21.6 million (\$58 million), less than one-third of total lending in the corresponding period of 1979. The Kuwait news agency said the loans would help finance agricultural and irrigation projects in Cyprus, Cambia and North Yemen, a highway project in Mali and a dairy scheme in Djibouti. Some details of these projects are available in the January 21 and 28 and February 4 issues of this newsletter. [Text] [Paris AN-NAHAR ARAB REPORT 6 MEMO 30 Jun 80 p 10]

FRENCH PETROCHEMICAL DEAL—Kuwait and France were expected to discuss plans for a joint petrochemical project in Toulouse at a two-day meeting of the Kuwait-France Economic Committee which opened in Paris on June 26. According to Kuwaiti press reports, the proposed deal would bring together the new Kuwait Oil and Petrochemical Company and Charbonnages de France Chimie, the chemicals branch of the French state-owned coal company. The reports said Kuwait would be taking a 49 per cent participation in the joint company and that the first step would be to extend CDF Chimie's petrochemical complex at Toulouse installing equipment to manufacture urea. The cost of the extension of the expand and to change our equipment at Toulouse, but we also used to expand and to change our equipment at Toulouse, but we also used fresh capital. CDF has similar petrochemicals projects with Qatar (AN-NAHAR ARAB REPORT & MEMO, July 9, 1979). [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English 30 Jun 80 p 10]

BRAZILIAN VW SUBSIDIARY SHARE--Kuwait has taken a 10 per cent share in the Brazilian subsidiary of the West German car manufacturer Volkswagen for \$115 million, it was announced last week. A spokenman for the company described the purchase as the largest ever Arab investment in Brazil. Volkswagen do Brasil is the largest industrial concern in Latin America, with a capital of about \$213 million and a turnover representing 1.5 percent of Brazil's GNP. [Text] [Paris AN-NAHAR ARAB REPORT AND MEMO in English 30 Jun 80 p 10]

EXTERNAL BANK--Kuwaiti banks, the Social Insurance Organization and Kuwait International Investments will form a 50 million dollar new bank--Bank of Kuwait--which will operate from Bahrain as an external banking unit. The new bank will coordinate operations of Kuwaiti banks in Japan, Singapore, Hong Kong and Australia. The new venture is part of a Kuwaiti plan for diversification of external investments, in both the private and public sectors. [Text] [Beirut THE ARAB WORLD WEEKLY in English 5 Jul 80 p 11]

LONDON INVESTMENT--Kuwait is preparing to make its biggest single investment in Britain for the last 6 years. The Hay's Wharf Company, a major trade and property concern, announced this week that it had received an approach from the Kuwait Investment Office, the London-based arm of the Ministry of Finance, indicating that full take-over offer for the British concern will be made soon by Kuwait. If the acquisition goes through, it will be Kuwait's biggest single deal in Britain since it bought the St Martin's property group for 100 million pounds in 1974. It will also give Kuwait a direct stake in London's most important post-war developments, in the heart of the capital. [Text] [Beirut THE ARAB WORLD WEEKLY in English 5 Jul 80 p 10]

AIRBUS PURCHASE--Kuwait Airways has become the first Middle Eastern airline to order the new 200-seat A-130 Airbus, with a \$300 million order for six aircraft. The planes, smaller versions of the wide-bodies aircraft in service with about 20 airlines, will come into operation late in 1983, the West European manufacturers said last week. The A-310s will be used on regional, European and Par Eastern routes and will replace existing Boeing 707s. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English 7 Jul 80 p 10]

CSO: 4820

# CONSEQUENCES OF DETERIORATING SECURITY SITUATION EXPLORED

London AL-HAWADITH in Arabic 2 May 80 pp 13-14

[Article: "Losses of War of Human Attrition Exceeded Losses of Two-Year War; Bashir al-Jumayyil: Army Will Have to Either Control Beirut and Areas or its Mission Among Us Will Come to End; Emigration Flourishes Anew; Army's Deployment in Markets Dependent Upon Army Decree"]

[Text] Heither the state nor the political and national forces have been in need of the occurrence of the second attempt at Deputy Amin al-Jumayyil's life--an attempt which took place in front of his office in northern al-Matn one hour before he got there because of the entanglement of radio waves in the area, an entanglement which caused the [mined] car to blow up prematurely--to become certain that Lebanon is still moving inside the dark tunnel that it has been crossing for 5 years.

The Lebanese war that lasted throughout 1975 and 1976 and then stopped for a period as a result of the Arab summit resolutions has resumed its march in a different form that has taken the quality of scattered wars or of what may be termed the war of human attrition that destroys not only buildings but also the souls and that claims the innocent as its victime.

This war has peaked in the past few weeks, especially in the series of clashes that have taken place in the southern suburb of Beirut. The ordinary citizen has paid no attention to the size of the losses resulting from this war because the state of despair and disgust sweeping the souls has turned the citizen into a more dumb camera that sweeps over the scenes of destruction and death without storing the causes, the details or the results in its memory.

At a private get-together, a Lebanese judge pulled out a piece of paper from his coat pocket and read to his friends figures whose source he did not divulge. It became evident from those figures, for example, that the war of human attrition excepting Lebanon resulted over a period of several consecutive days and within the limits of the city of Beirut and its suburbs in the death of nearly 50 persons and the wounding of tens of others. This rate, which has not yet aroused the concern of many people,

rivals the daily average of people killed and wounded during the two-year war.

The judge also provided some details with which he had become familiar by virtue of his position. He said, also for example, that "emigration has increased, and along with it the sale of real estate. Offers counted by the thousands and made by companies working abroad and seeking Lebanese expertise to deal with them have been accepted. The possibilities of control over the domestic security under the shadow of the rejection to deal with the army have diminished. Attempts made eilently to resume the national dialogue between the influential political forces have been affected. The dangers of partition and of the outbreak of sectarian and religious wars have become more firmly entrenched and the citizen is waiting patiently and submissively to choose one of the two woes: Death or emigration."

The active political, official and security contacts made last week to deal with the abovementioned deteriorating security situaton have made it clear that some of the incidents that took place in Beirut were aimed against the official forces that are being prepared by the security plan to assume control of the situation and that the presence of the army in certain areas and of the domestic security forces in other areas has not led to any results. On the contrary, this presence has caused intensification of the incidents and of the clashes.

A report referred by an investigator to the political authorities confirms this reality. This report says in part that an officer accompanied by a number of elements of the legitimate government wanted to carry out in a certain area of Beirut last week the orders issued to him to maintain security. So this officer approached an armed person carrying his weapons estentatiously and asked him about the reason for his conduct. The armed person refused to give a reason and engaged in a brief clash with the officer and the elements accompanying him. As a result, all the participants ended in the hospital. Heanwhile, armed manifestations continued as usual.

The report also says that the authority of the constitutional institutions over the city of Beirut is confined in the eastern area, for example, to certain quarters and streets. This authority stops at the borders of these quarters and streets and does not go beyond them so as not to clash with the armed elements who undertake this task [beyond these streets and quarters].

The fact is that to talk in detail about the killings, robberies and assaults that take place daily in Beirut, its suburbs and in the other areas of Lebanon requires volumes and is unjustifiable because of the similarity of means and methods used in every incident.

In a special interview he gave after receiving information about the attempt to assassinate Amin al-Junayyil with the mined car, ex-President Camille Sham'un said: Who do we waste the time talking about dialogue and detente when stability is in such a state of deterioration and what detente is it that can be built over tens of people killed and wounded?

Sham'un added: "It is not important to wade into conclusions concerning who, how and why is the use of the most sophisticated destruction and killing weapons is so widespread in the streets of Beirut. This is another issue that should be discussed where its discussion realizes the desired results. What we want to discuss here are the circumstances of the officials and the insistance of the forces that want to destroy Lebanon on continuing the implementation of this plan with local hands."

Ex-President Sham'un then said: "The reluctance of the officials to select the right decision to implement and the disagreement in their viewpoints on how to build the army and the Lebanese intrinsic forces encourages the perpetrators of incidents to persist in fabricating incidents and to resume the procession of assinations.

What was said by ex-President Sham'un generally has been stated more clearly and precisely by Bashir al-Junayyil.

Some of what Al-Jumnyyil has seid is: "We asked that the army be deployed in our areas in the hope that it would also be present in the other areas and would control the security situation very capably. But we have discovered after the passage of all this time that the deficient experiment has continued to be deficient and that the official control over the situation has not been completed. Therefore, I stress that our cooperation with the army has its limits, meaning that if the present situation persists for a long time and if the links of the security plan are not completed, especially in the city of Beirut, we will be forced to take over the important positions in the eastern area from the army and to implement our own security plan which we implemented in the past because the citizen in our area asks constantly: Why should I obey the legitimate authority while others disobey it as long as we all live in the same environment and under the same conditions?

There is behind this projection, which has become clearer in the wake of the attempt at Deputy Amin al-Jumayyil's life, a political discussion that deals with the need to establish actual agreement among the cabinet ministers on the details of the security plan, on the need for the constant security and political coordination endeavors between Lebanon and Syria to succeed and on the need for implementing the decision to deploy the army in the commercial markets area during the coming [sic] month of May or the beginning of June at the most.

A former prime minister, citing a high-level official, has said: "The high-level official has stated repeatedly that he can find no convincing reason for the rejection to hand over the commercial markets area to the army. This official believes that unless he is given this 'weapon,' he will not be able to concentrate the presence of the army in the eastern areas." This official says all the time: Give me 3 meters in the direction of the western area and I will give you 30 kilometers in the eastern areas, otherwise we and the security plan will continue to revolve in a vicious circle.

This plan says that the more deployment of the army in the markets and on the tangential lines until the old Sidon road will be enough to control the situation. The presence of the army here will be active and effective and there will be no need to spread the army in all the western area's quarters and streets because the domestic security forces, in coordination with the Deterrence (Forces) and the Palestinian resistance, can control the security situation in the western area without the army, especially if understanding is reached over this plan with the various leaderships of the national movement. If this goal is achieved, the process of purging Beirut of weapons will have started.

It has been understood that the details of this logic are included in the discussion dossier prepared in Beirut and availing 'Abd-al-Halim Khaddam, the Syrian deputy prime minister and minister of foreign affairs.

The view toward this issue in its entirety has been different among the leaderships of the western area of Beirut. It has been said in the discussions that have taken place regarding the authority's position that those who talk about deploying the army in the markets area are trying to hold the national movement and the Palestinian resistance responsible for the deteriorating situation and to give the displeased and wrathful citizen the impression that the fault lies with the western area and that the more handing over of the markets to the army will put an end to the tragedy of killing and destruction even though these people know that this projection is faulty. Else, the incidents of blowing up cars in the eastern area would not have persisted despite the presence of the army there, the incidents in the southern suburb would not have flared up, subsided and then flared up again and the explosions would not have eprend everywhere, even in the places where the authority has a presence—even if it is a symbolic presence.

These leaders have said: The prime minister himself has acknowledged at the Chamber of Deputies that there is a fundamental disagreement that obstructs insuance of the decree to organize the army. Disagreements mean continued division over defining the mission of this army. This being the case, how is it possible to hand over security affairs in the national areas to official forces when no agreement has been reached over the details of the movement and action, not to mention structure, of these forces? What security play is this that seeks to clear Beirut of weapons when the executive authority is unable to clear the cabinet hall of fundamental differences?

These leaders have atreased that all this discussion is a more veneer and that only one fact exists, namely that there is a cesseless plot to strike the force of the Palestinian resistance and the steadfastness and confrontation force, to impose further paralysis on the legitimate authority and then to impose partition and resettlement through plans to incite sectarian and religious wars. Everything else is more camouflage, diversion and play for time.

8494

CSO: 4602

# DISAGREEMENT OVER DECREE TO ORGANIZE ARMY DISCUSSED

London AL-HAWADITH in Arabic 2 May 80 pp 11-12

[Article by Amin al-Siba'i: "Political Dotento Pian Clashes With Docree to Organize Army; Government Domanda To Be Pamiliarized With Conditions of Intelligence Directorate: Sham'un Supported al-Huss and Backed Down on Pollowing Day; Search Has Begun for New Pace for Right Time")

[Text] Last Thursday morning, and before the parliamentary deliberations on the ministerial statement reached agreement to keep the old as it is and to avoid the pitfalls of the vote of confidence demanded by the prime minister, a close friend went to the effice of Prime Minister Dr Salim al-Huse at the Government House to find out from him what the cituation was before heading for the Chamber of Deputies. During the conversation between the two, the friend told al-Huse: "I believe that the ministers, and you in particular, made a mistake when you limbed the national detente in its general form with the disagreement existing within the government on the text of the decree to organise the army."

The prime minister answered: "We have painted the reality without beating around the bush so that matters may be clear. It must be acknowledged that all the links, regardless of how big or small, are connected with each other and that no actual detente can be realized in isolation from a fundamental issue, namely the issue of organizing the army. So, how do you want me to overlook this point and go on to others as long as I know and as long as everybody must know that overlooking this issue means keeping any other step that we undertake under the morey of surprises?"

The friend told Prime Minister al-Huss: "This is true. But you have not been compelled to discuss this issue in this manner of the Chamber of Deputies. National detente is a common responsibility whose burdens are shouldered by the politician, the official and the ordinary citizen whereas settling the ministerial disagreement over the text of the decree to organize the army is senething that is strictly within the basic tasks of the government. You are remiss in tackling this issue. If I were in your place, I would cancel all that I have to do, would head for the Republican Palace before setting the date of the general parliamentary session and would summon all

the ministers there and we would look ourselves in with the president of the republic, proceed to deal with the ministerial disagreement on the decree to organise the army and would refuse to leave the palace until agreement is reached on all points, even if we were forced to stay there for a whole week. Of course you know that there is no issue whose problems are impossible to make and so issue on whose final details it is impossible to reach agreement."

Prime Minister al-Huma told his friend: "And who has told you that we have not discussed this tesue in more than one official meeting and that we are not carrying on with the discussion to the present? However, the scheduling of the discussion sension and the various parliamentary attacks to which the government has been subjected and which have tried to hold the government solely responsible for what has afflicted and is afflicting Lebanon urged me to go to the Chamber of Deputies with the ministerial statement in which I have pointed out a part of the facts of the situation and in which I have referred to the official disagreement over the text of the decree to organize the army so that all matters may be clear and frank."

The friend left the prime minister's office to look up the office and house telephone numbers of Minister Anvar al-Sabbah to inform him of the prime minister's insistence on his right to defend himself and his government, to ask the minister to meet with Speaker Ramii al-As'ad before resumption of the general discussion, to draw his attention to the danger of the escalating confrontation between the government and the Chamber and to try as hard as possible to keep away the sword of the vote of confidence to which Prime Minister al-Huas had clung so that no unexpected surprises may occur and lend, under all circumstances, to touching off a new political crisis.

Within the context of these contacts, it has been said that Prime Minister al-Huse has begun to anticipate the possibilities of the presence of a certain arrangement seeking to weaken him prior to ousting him in the coming phase and holding him responsible for the official failure throughout the past I years. It has also been said in reply to such a position [sic] that the prime minister has repeatedly stated: "I hope I will not be embarrassed and forced to tell all the facts and define all the responsibilities. I do not cling to the government or to power. But in cases of injustice, I cling to the fact that I represent a large section of the Lebanese who are entitled to know the truth and before whom the responsibilities must be defined."

Some depution who got wind of these details at the Chamber of Deputies while waiting for resumption of the general discussion recalled what happened between the regime and the late Prime Minister Sami al-Sulh when he felt that there was an endeavor to oust him. Al-Sulh brandished the (book of facts) so that he may not leave the government condemned and may not be given what he considered an unfair and inaccurate sentence.

On that day, the deputies [recalling this incident] became inclined, despite their severe attack on the government, to try to avoid the crisis by seeking a way out that would prevent the vote of confidence, would end the general discussion without any casualties to any side and would thus give the government the opportunity to stay in office until the onset of next number. If it proves impossible to replace the government by an expanded government, despite the concerted consultations and coordination with Syria and with Syrian Deputy Prime Minister and Minister of Foreign Affairs 'Abd-al-Halim Khaddam, then perhaps the present government would be given the opportunity to stay in office until the fail. This logic triumphed as a result of the discussions when a majority of the Chamber eliminated the danger of a vote of confidence by voting against the demand for a vote of confidence submitted by Deputy Majah Wakim.

Amidst this complex situation, the attention at the political level and in the Chamber of Deputies has been focused on following up the details of the disagreement among the ministers to which the ministerial statement referred, saying that this disagreement obstructs detente and hampers issuance of the decree to organize the Ministry of Defense.

In a private conversation in which a minister and three deputies opposed to the government participated, the minister was told: "Please tell us what is the background of the official disagreement over the draft decree to organize the army."

The minister replied: When the army law was issued by the Chamber of Deputies, the state, the army command and a horde of experts and advisors began to prepare the organizational and executive decrees for the law. The discussions became long and involved and the disagreements over this or that decree were dealt with here, patched up there or postponed thither until the discussion reached the decree to organize the army itself. At this point, an official current emerged under the leadership of Prime Minister Salin al-Huss. This current says, generally, that it is necessary to reconsider the work of the Intelligence Directorate which is under the command of Col Johnny 'Abdu and that the prime minister must be familiarized, through the Military General Secretariat and the National Security Council, with all the conditions of the directorate instead of having these conditions known to the army commander only.

It has also been said that the intelligence Directorate has a very sensitive and strongly influential position in all respects and that within the rules of participation, it is not permissible for the outcome of the activities of this directorate, in addition to those of the General Directorate of Domestic Security Porces and the Public Security Directorate, to be at the disposal of the president of the republic (slone). The prime minister is supposed to take part in knowing the facts and making the ducisions in this regard.

It has also been said that the president of the republic familiarizes himself with the intelligence reports and gives his instructions to the

intelligence commanders whereas the prime minister does not get familiarized, gives no instructions and doesn't even know the simplest developments.

A new and confidential approach was adopted with the aim of familiarizing the prime minister with the works of the intelligence Directorate. Col Johnay 'Abdu, the director of intelligence, started to visit the prime minister every Friday, meet with him for more than one hour and acquaint him with the information at his disposal. Moreover, the director started to send the prime minister almost daily confidential reports and information for his private information. This approach lasted several weeks and then stopped abruptly and neither the director of intelligence paid his weekly visits to the prime minister nor the intelligence reports reached his office any more.

Some people have looked for the reasons confidentially and there has been conflicting and uncertain reports, such as the report, for example, that some of what was said at the aforementioned confidential meetings and of what was contained in the confidential reports used to be leaked to numerous groups and used to cause the state embarrassment that further complicated its problems.

For many other reasons, the prime minister found himself compelled to make his participation and the participation of any other prime minister in knowing the facts and providing guidance a firm principle entrenched in the official provisions and not a more act of courtesy or a transfent act. When the decree to organize the army was being drafted, he instated on modifying the powers of the Directorate of Intelligence. The prime minister has said that he does not seek by this modification for himself or for those who will assume the premierably after him the pleasure of reading secrets and of giving orders but that he wants the army to be built on foundations free of all impurities and wants the work of the army directorates to be based on scientific and realistic foundations that will prevent the recurrence of the mistakes, will protect the army from exposure to the political or sectarian currents and will prevent subjecting it to the rules of unsound participation. The prime minister has further said that to underline this, he believes that the National Security Council, the Military Council and the Hilitary General Secretariat should undertake in a positive manner the task of getting familiarized with the activities of the Directorate of Intelligence and of familiarizing him, or rather familiarizing the prime minister, with all the steps, measures and decisions taken.

This logic has been in conflict with another official logic expressed by ex-President Camille Sham'un when he said: "What is the use of the position of the army commander and of the other major commands in the military entablishment if they are stripped of their powers? What is the use of organization and planning if it is based on sectarian considerations?"

On the other hand, voices have risen in the western area in opposition to the opinion expressed by ex-President Sham'on. These voices have said:

"Resping the decision-making political establishment, represented by the prime minister, away from the course and details of the events and confining power in the hands of a few people means entrenching the mistakes of the past which led to disparity in the rights, to the collapse of the army and the collapse of the country."

The fact is that the inclusion of this reference regarding the disagreement among the officials over the articles of the decree to organise the army in the statement which the prime minister delivered to the Chamber of Deputies last Tuesday has caused a stir that almost touched off the political struggle last Wednesday and Thursday.

It is well known that in response to personal efforts exerted with him before the discussion in order to eliminate the danger of a vote of confidence or of the sudden collapse of the government, ex-President Camille Sham'un made a statement one day before the discussion in which he said: This is not the right time to upset the government or to work for toppling it.

This was considered an advance vote of confidence given to the government by the Lebanese Front. This vote was bolstered by the statement in which Prime Minister al-Huse said that ex-prime ministers Sa'ib Salam and Rashid al-Sulh support the government. However, some people moved to deny this information by saying that Salam and al-Sulh had not decided to support the government by virtue of the fact that they had signed before they went abroad the statement of the lalamic Grouping to which they belong. This statement defines the government's shortcomings and criticizes its failures.

On Tuesday, ex-President Sham'un got angry at Prime Minister al-Huss and changed his position toward al-Huss's government when he and Pierre al-Jumayyil read the text of the ministerial statement which declared that there was disagreement within the government over the decree to organize the army.

Cruel and unjust accusations were made against Prime Minister al-Huss. It was said in some of the accusations that al-Huss wanted with his statement to engage in oneupmanship against the president of the republic and the other faction and that he threw this bomb in the Chamber of Deputies so that he may leave the government, if he does so, while at the peak of his ascendancy in the Islamic circles and in the circles of the national forces, that he has no continuous and practical dialogue with the president of the republic and that he wants to underscore a role that enables him to either stay or leave and still say what he has to say.

Contacts were then made to find out whether the president of the republic had read the ministerial statement and had approved its text before it was delivered to the People's Assembly. The contacts produced doubtful information to the effect that the final version of the ministerial statement was not completed until Tuesday morning. i.e., the same day it was delivered,

and that the ministers and President Sarkis read the broad lines but not the full text.

As a result, ex-President Sham'un made a violent statement against al-Huss on Wednesday and withdrew his support for him. However, Sham'un modified his statement and toned it down that same night before it was published the following day.

Some deputies have also said: The government should not stay long, that is if it doesn't go today, and a search should be made for new faces to rule if the right conditions for forming a new government develop.

Prime Minister al-Huss has not needed to defend himself or to take the trouble of answering the "unjust accusations," as he has described them, because he thinks and believes that the citizen knows all the details. This is who we has been content with his public answers to the deputies at the end of the discussion sessions and why he has decided to continue his march in government until God creates what he doesn't know and what they don't know.

What is important is that what the Chamber of Deputies and the government are muddling through may lead to a political explosion if the efforts being exerted fail to reach a suitable formula to end the disagreement over the army decree.

The need for such a solution is more than necessary and urgent because of all of its institutions, Lebanon has managed to retain a government, a chamber of deputies and a presidency. Despite their weakness, these institutions are better than total chaos and vacuum, at least in the opinion of all the deputies.

8494

CSO: 4802

# BILL EXEMPTS MILITARY FROM DELINQUENT MUNICIPAL TAX

Beirut AL-NAHAR in Arabic 9 May 80 p 4

[Text] The government has referred to the Chamber of Deputies an urgent amended bill seeking to exempt members of the army, the domestic security forces and the general security forces who were on active duty from the municipal fees due on the rent value for 1978 and earlier years, provided that the military not be entitled to be refunded for fees already paid.

Explaining the reasons, the government has said: "The government has consistently exempted the military from the fees due on the rent value of the houses they occupy.

"On 5 August 1967, legislative decree No 68 was issued, stating that the entire sum of the municipal fee due on the rent value for 1967 and preceding years from members of the army, the domestic security forces and the general security forces is hereby dropped and not required to be paid.

"On 26 January 1979, the military benefited from the provisions of the bill implemented by decree 1712 and providing for exemption of all the military [al-mukallafin] from the municipal fee on the housing rent value for 1976 only.

"Considering that the army command had prepared a bill to exempt the military from these fees for the preceding years, the military did not pay these fees in accordance with the instructions issued by the executive authority and calling for postponement of the collection of the fees while waiting for the proposed legislation.

"In view of the fact that these fees have accumulated on the shoulders of the military for 1976 and the preceding years, and have not been nullified with the passage of time, and for 1977, 1978 and 1979, and in view of the fact that the accumulation of these fees constitutes a heavy burden on the shoulders of the military and one which they cannot endure under their present conditions, the government has prepared the attached urgent bill that seeks to drop these fees for 1978 and the preceding years, provided that the general law be applied to the people concerned as of the beginning of 1979."

8494

CSO: 4802

SITUATION IN SOUTH RELATED TO REGIONAL, INTERNATIONAL EVENTS

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic 24 Apr to 4 May 80 p 10

[Article by Rafiq Shalala: "Lebanon Guards Against Anticipated Events By Calling on Arabs to Shoulder Their Responsibilities and By Reinforcing its Emergency Forces"]

[Text] The situation in the south has not quieted down. And what happened there, in the opinion of the Lebanese foreign minister, is connected with the Washington talks and with the regional problem. What has Lebanon done to deal with the matter, and what will it do?

In view of the complications in the south, the government in Lebanon has no choice but to take action in the realm of making international contacts.

This is dictated by the present circumstances of Lebanon. This what Lebanon did when it requested that the Security Council discuss the situation and take an appropriate decision. In spite of the fact that the Security Council discussions were lengthy and its sessions came to be postponed day after day, Lebanon still insisted on its position. It demanded an international decision, refused to dilute the Lebanese "grievance," which had become "grievances," and decided to plunge into the matter and follow it up till the end in spite of its annoyance at the positions taken by some of the larger countries and in spite of their attempt to postpone deciding [the matter], due to considerations which are no secret to anyone. Ambassador Twayni faced a number of difficulties in his efforts to convince the representatives of some countries to agree upon a united position—one of these countries being the United States whose response to the Lebanese efforts was lukewarm.

But Lebanon has no choice. So it has preferred to present the case to the Security Council. This position stems from its firm conviction that the Security Council and the countries contributing troops to the UN forces are directly concerned with the developments of the situation in southern Lebanon. And an attack against the villages of southern Lebanon is an attack against the UN Emergency Forces which, in accordance with Resolution NO 425, were entrusted with the mission of protecting

Lebanon's southern border and preventing any occupation of them. Such an attack, then, is an attack against the decisions of the Security Council as well as being an attack against Lebanon's territory and its sovereignty.

Official sources say that Lebanon's position, which was communicated to the international organization, can be summed up as follows: What is being demanded is not only the withdrawal of Israeli forces from the area which they have entered and a halt to attacks made against the UN forces, but also that action be taken in order to change this status quo which has been imposed upon the area and to enable the UN troops to carry out their entire mission and to be able to get all the way down to the border in order to bring about peace there.

In the opinion of these sources, Lebanon's insistence that the Security Council hold a session will lead, among other things, to embarrassing all of the countries and parties involved in the Lebanese crisis generally, and in the crisis of southern Lebanon in particular. [It is also their opinion that this insistence on the part of Lebanon] will reveal the sincerity of their intentions and will put them to the test, especially since the great powers, led by the United States, continually talk about their desire to preserve Lebanon's sovereignty and independence. And after Israel violated [Lebanon's] border and sovereignty, the thing now demanded is that this wish [on the part of the great powers] be transformed into reality.

These words spoken by Lebanon are also directed to the Arab countries which have caused Lebanon to be "fed up" with their exhortations, advice, and attitudes which have been communicated to Lebanon erally, on the radio, and in writing. What is demanded from the Arabs is that they provide practical aid to Lebanon to ward off aggression.

The third reason for Lebanon taking this position is to make the great powers aware of their responsibilities and to draw up a new framework for UN troop operations in southern Lebanon by means of reinforcing them in terms of numbers and equipment so that they will be able to deal with anyone who would want to "nibble away at" Lebanon's territory. Whatever happens with the Security Council, Lebanon, by insisting on submitting the problem to it, has made a frank appeal to the international community to shoulder its responsibilities regarding the next phase of Lebanon's situation. Any hesitation on the part of this international community will reflect its attitude toward the future of Lebanon which is going through a very critical stage, imposed upon it by the developments of the situation in the Middle East. If this international community shows concern and responds to Lebanon's wishes, the authorites in Beirut could rest assured that their country will not suffer heavily from the multitude of developments that might occur in the area.

However, the government in Lebanon is worried about whether or not the entry of Israeli mechanized forces into southern Lebanon on 9 April,

Israeli attacks against al-Sarafand, daily shelling of the cities and villages of southern Lebanon, and the operations by [Sa'd Haddad's] militia units, have any aims beyond the traditional "acts of provocation" meant to keep the situation tense. There are those in Beirut who believe that Begin wanted to carry out this operation in southern Lebanon, with its consequences, before travelling to Washington in order to make this a part of his discussions with Carter and to make it a bargaining point when discussing [Palestinian] autonomy. Apparently he did this in order that the discussion change from being one of the details of carrying out autonomy on the West Bank to a discussion of the details of the Israel withdrawal from southern Lebanon—the withdrawal of its direct presence (men, weapons, and equipment), and the withdrawal of its indirect presence, embodied by Israeli support for [Sa'd Haddad's] militia units.

The American president failed to secure guarantees concerning the second matter. This was directly confirmed by the Israeli minister of defense who said that Israeli support for the militia units will continue because it serves Israel's national interest. Israel succeeded in getting away with this because the American president, at this present stage, was unable to pressure Israel because of the [upcoming] presidential elections and Carter's need to get Jewish votes after it was demonstrated to him that America's vote "by mistake" against the [Israeli] settlements a few months prior to that had been very costly for him in spite of his public apology and reversal of position.

There are those who say that the aim of Israel's entry into southern Lebanon, and what followed, was to enable Tel Aviv to brandish its trump card of pressure, land-grabbing, and bargaining power which it can use in any negotiations, contacts, or [peace] efforts. A military presence such as this inside Lebanese territory would also tend to make the UN forces withdraw either partially or completely from southern Lebanon, because, with an Israeli military presence inside the border, the UN forces would lose their justification for being there. Israel would also eliminate the factors [necessitating] the truce agreement and would make unnecessary the Security Council resolutions which call for reviving the Truce Committee.

Other sources say that the aim behind the operation is the creation of a new status quo in southern Lebanon which would make the present cease-fire situation the basis of relations between Israel and Lebanon. This would force Lebanon to be subject to the regulations of the truce agreement or of the Security Council. This is because part of Lebanon's territory would have become occupied as is the case with other Arab countries. The thing that authorities fear most is that Israel, by staying indefinitely, has in mind to snatch a part of souther Lebanon and to add it to its own territory. This would lead toward settlement [of these areas], and thus toward partition.

If the Israeli invasion and what followed has brought about negative developments in southern Lebanon, it has also caused a change in behavior

on the part of the UN troops. These troops, for the first time, stood up to the advance of the Haddad militis units which are backed by largel, they prevented them from achieving their aims, and they were able to kick them out of the village of al-Tayri. This stance taken by the UN troops was not with a sigh of relief in official circles because it demonstrated the presence of the Emergency Forces in the area and showed their effectiveness. It occurred as a response to a campaign emanating from beirut which demanded the withdraws) of these former. This created resentment on the part of officials accountable to the countries which contribute troops to the Emergency Forces. Then official Lebanon assured that it wanted these troops to stay and stated that, in spite of their limited potential, it preferred to have then be there rather than not be there. To back up this position, the commander of the Lebanese army, Gen Victor Khuri, proceeded to put one of his army battalions, which is stationed in (Areun), at the disposal of the UN command so that it could use the battalion in missions as it seen fit.

International sources feel that behind the UN troops' resistance to Haddad's militia units, in spite of the presence of Israelia who support them, there were international calculations and attitudes designed to force the Israelia to refrain from direct intervention to keep Haddad's militia units inside the village of al-Tayri from which they were expelled by Irish troops.

These sources revealed that the American ambassador in Tel Aviv demanded that Israel put pressure on Andded's militia units to release UN soldiers whom they had taken prisoner 2 weeks before. This was because the European community (some of whose countries contribute troops to the Amergency Forces) threatened to adopt negative attitudes with regard to issues which affect the American-European quasi-solidarity.

#### Action by the Lebanese

The government is convinced that the issue of southern Lebanon may explode again because it is the weakest link in the Lebanese chain and because the Arab world and the Riddle fast face future developments which may completely upset the status quo. Because of this, Lebanon is going to take action in the may future in accordance with a plan which will guarantee settling its problems in the south once and for all. In the opinion of a minister who revealed this, if the Israelia leave this time, due to international pressure, they may still return any time they want to following any operation by the fedaysen, or even in the absence of such an operation. In that case It would be necessary, once again, to make contact and efforts in order to get them to withdraw. This plan has two courses of action:

 Demanding effective action on the part of the Arab countries, to be undertaken by the Arab League, to eliminate the causes which lead to Israeli [military] responses; and calling upon the Arabs to shoulder their responsibilities to save southern Lebanon, using as a basis the position taken by President Sarkie, which was expressed in one of his messages to the Lebanese in which he said: "Either we have a total Arab confrontation, or we have equal [treatment] during peacetime." This is why Lebanon was eager to take action to establish this fact, even in the UN and through its Arab delegations.

2. Requesting a reinforcement ... the UN troop presence by means of their immercricted deployment even as far as the border, and providing them with the necessary means to deal with anybody who uses force against them. When this has been achieved, then legality will begin to gradually return to the border area by means of the [Lebanese] army which will operate together with the Emergency Forces.

Will Lebanon be able to achieve the aim which it has in mind with this course of action?

The minister himself says that Lebanon is determined to launch this plan and that it is relying upon the sincerity the Arab and international in dealing with the Lebanese crisis and means of solving it. If there is enough support and if intentions are sufficiently sound, Lebanon will be able to avoid future dangers. But if the opposite turns out to be true, the results of any unrest will affect not only Lebanon, but all the Arab countries, particularly the neighboring Arab countries.

9468 CSO: 4802 HISTRUST BETWEEN PALESTINIANS, LEBANESE, SYRIANS DISCUSSED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic 28 Apr to 4 May 80 pp 13-14

[Article by Nuhad al-Hashnuq: "Lebanese-Palestinian-Syrian Accord; Lebanon's Treatment (Palestinians') Jordanian Complex Has Failed"]

> (Text) The problem persists and the only way out of it is a mutual understanding between the Lebanese, Syrians, and Palestinians.

The place: the (Zghayb) barracks in Sayda
The time: the day the Syrian forces leave their barracks to mass their troops in the Biga' Valley

Two Palestinian officers enter the barracks, and run across a (Lebanese) they know.

After saluting, the officer asks them what he can do for them. One of them answers: "We have come to take over the barracks after the withdrawal of the Syrians." The Lebanese officer gets excited and eays: "How can you do that when the Lebanese army is already here?"

The Palentinian officer answers coolly: "We want to take the place of the Syrians."

The Lebanese officer replies: "That will never happen as long as we are already in the barracks,"

The Palestinian officer puts his hand on his pistol and says: "Get your hands up."

Firing begins, and the result is that a number of people on both sides are wounded. They were taken away from the barracks by vehicles belonging to the Lebanese-Palestinian Red Crescent.

Another barracks and another scene

A Palestinian military vehicle passes in front of the barracks and a skirmish begins, about which several versions are told. The skirmish ends up involving all of the Palestinian Resistance groups, which shell the barracks. One officer and several enlisted men and civilians are wounded.

The Lebanese officer involved in the incident in Saida was one of those who participated in the Lebanese-Palestinian attack on the village of al-'Ayahiyah in southern Lebanese during the war. The other Lebanese officer, who was wounded in the other barracks, was one of those who were court-martialed because of their cooperation with the Palestinians during the war. And he was slower than his peers in gettingromoted, because of this cooperation with the Palestinians.

These two examples of occurrences suggest the following question: What is it that makes the friends of yesterday confront each other militarily after more than 2 years have passed since the end of the war?

When a guard at a Palentinian commander's office was asked why he participated in the attack on the barracks, he answered that somebody had come and told him that the Lebanese army was attacking the (Shatila) camp. Maybe a lot of others also believed that an attack was taking place and so they undertook a counterattack against the barracks, without any orders from their commanders.

This reason may seem abourd to some people, but there is a large measure of truth in what the simple guard said. Ten years after the Palestinian Resistance organizations transferred their military units from Jordan to Lebanon, fear of the regular armies and their intentions is still a daily anxiety which is experienced by both the leaders of the Palestinians and the Palestinian rank-and-file,

Moreover, the anxiety which the Palestinians brought along with them from Jordan after Reptember 1970 is even greater and it overshadows Lebanese-Palestinian relations.

# Part of the Anxlety

Among the Palestinians there are those who jokingly say that all Palestinians who rent homes in Lebanon have special conditions put in their rental leases which protect them from being evicted. It is as if the landlord were going to seize the first opportunity available to him to kick them out of the residence. They add that the administration of former President Franjiyah and his men, in addition to the leaders of the "Lebanose Front," contributed greatly toward the fact that this anxiety has taken on a dimension which affects all Lebanose-Palestinian relations.

Franjlysh, but the administration of President Sarkis has taken every opportunity to demonstrate its good intentions toward the Palestinians. And if there is tension in relations between the Lebanese government and the PLO, the worst thing that happens is that contacts between the two parties are broken off. There is no escalation on the part of the Lebanese. But the Palestinian view of matters and of people has stayed more or less the same as it was during the administration of President Franjlysh. As far as the Palestinians are concerned, Victor Khuri, the commander of the Lebanese army, is exactly the same as Hanna Sa'id, the previous army commander. And when he talks in a positive vein about the Palestinians, they say: "He is getting ready to attack us."

Juni 'Abdu, head of the intelligence service, in the opinion of the Palestinians, is exactly the same as Jules Bustani, who was previously the head of the intelligence service. And when a Lebanese carries a weapon under permit from the army intelligence service, the Palestinians consider that this Lebanese is getting ready to strike at the Palestinians.

As far as the Palestinians are concerned, Paruq Abi al-Lam; the director general of Lebanese security police, is exactly the same is Antoine al-Dahdah, who was head of the security police during the days of President Pranjiyah. In fact, Paruq has made great efforts to coordinate with the Palestinians, but his efforts have been in value. After 3 years of this, his diplometic nature changed and he said: "Our guests are hosting their guests without even asking us whether or not we are able to host the guests of our guests."

So far we have not used President Sarkis as an example of someone who has been silent about everything that has been going on. When he does talk, and demands that the Labanese army move into the south and that other armies withdraw from the areas where the UN Emergency Porces are stationed, he is accused of carrying out American policy. It is as if President Sarkis needed American policy to remind him of his responsibilities toward southern Lebanon. This is a part of everything that has been caused by Palestinian anxieties and fears of the lebanese authorities and government, even though the size of these government agenices is much too small for them to be accused of plotting against the Palestinians.

It could be that in each of these government agencies there are people who are hostile to the Palestinians politically and because of their armed presence. But should this mean that the Palestinians should respond by accoming all of them, without exception, [of plotting against the Palestinians]? And is this the ideal way to bring about mutual understanding between two peoples who resemble each other in everything, even in their fear of the other's agencies?

After 5 years of war, its consequences, and the probability that it will be resumed, it appears that there is no hope of even reaching a minimum

of Lebanene-Palestinian understanding, although there is some degree of friendship between one or two of the Palestinian leaders and President Sackie. But this is a friendship which has often caused these Palestinian leaders to be treated with numpicion concerning how pro-Palestinian they are. There are those who have made up their minds that the makes in Lebanon are greater than all of the parties which are in its territory. But is it true that these parties are not able to do anything? The answer is that when the Syrian command wanted to withdraw its forces from the front lines in Seirut, suddenly all of the reasons, which prevented the Palestinian leaders from getting in touch with the leaders of the "Lebanene Frunt," disappeared. Contacts were made, and afterward there was an agreement to maintain a cease-fire between the two parties in case these troops withdraw.

These contacts and others have made the Lebanese more convinced that the falcatinians have no constant and permanent designs on Lebanes. Why is this conviction not reinforced by means of constant contacts and continual coordination with the Lebanese authorities? And why is it that every time there is talk about a Lebanese-Palestinian nummit meeting, people act as if this is a great surprise for them? Under the circumstances of the extensive Palestinian military and political presence in lebanese, and is order to aid the normal growth of balanced legitimate authority, it would be natural to have Lebanese-Palestinian contacts be an everyday matter for the two parties. [It would not be natural] for them to believe as if such contacts are a concern which is out of the ordinary and are not worth the trouble.

All of those who see the Palentinian presence from the point of view of positive joint responsibility do not find any obstacle to Lebanese-Palentinian mutual understanding with regard to quite a few matters which would not be objected to by Arab parties and which would reinforce the positive atmosphere between the two parties.

Of course, this does not mean that bad Lebanese-Palestinian relations are the reason why people are killed every day in Lebanese territory, nor does it mean that positive [Lebanese-Palestinian relations] will stop this river of blood from flowing. But is there any doubt in anyone's mind that coordination between the two parties would decrease the degree of pain which is being suffered by the two parties?

The policy of belittling the legitimate authorities and dealing, "when necessary," with [opposite forces], will not prove useful for long. The result will be that it will cause the authorities to have a clearly negative bias toward those who belittle them.

The Understanding With Damascus

The other aids of the coin of the reality concerning the Lebanese-Palestinian understanding is relations between the Lebanese and the Byrians, Five years after the war began, President Sarkis came out with a message which included indisputable facts concerning the situation in Lebanon and concerning relations between the Lebanese and the [other] Arabs. They are only being called indisputable facts because they should have been brought out a long time ago.

Syria has often and repeatedly tried to depart from coordinated relations with official Lebanon by establishing relations with the parties which are militarily present on the Lebanese scene—at times with the Lebanese Pront, and at other times with the parties of the "National Movement," in some instances the policy of belittling the legitimate authorities and overpowering them [through irregular forces] has worked. The Lebanese authorities have also contributed their share to the lack of coordination of political and military efforts with Damascus. Institutions are built and accused of being mobilized against the Syrian political and military presence. Promises are made and are not carried out. Attitudes are spontaneous and would do better to remain hidden.

What has been the result of this type of relationship? More tension and misunderstanding between Damascus and Beirut. After years have gone by, the two sides have found that the only vay to serve their interests is through direct sutual understanding which, to some degree, would ignore the other parties. The commander of the Lebanese army went to Damascus and found that what he was able to offer was slightly more than what was being demanded by the fellow-Arab [Syrian] army. Fu'ad Butrus, the foreign minister, went and found that the doors were open for all possibilities and harmonious suggestions, or at least for suggestions for which is would be possible to create joint harmonious bases. The head of Lebanese military intelligence is never reluctant to go to Damascus to represent President Sarkis's point of view which supports the necessity of traditionally maintaining coordination between the two military establishments and mutual consultation between the two legitimate political establishments in the two countries.

in anticipation of President Sarkis going to Damascus or President Asad coming to Lebanon, the two sides are finding themselves confronted with only one possible way out. This is, namely, a Syrian-Lebanese accord within the limits of the sovereignty of the two countries.

9468 CSO1 4802

#### PHALANGIST-SYRIAN DIALOGUE DISCUSSED

Parts AL-NAMAR AL-'ARABI WA AL-DUWALI in Arabic 28 Apr to 4 May 80 p 11

[Article by Emile Khurt: "Reconciliation-Bagraduni's Report About lauges of the Dislogue Between the Phalangists and Damascus"]

[Text] "le Syria ready for a dialogue with the Phalangieta?" "Yes, Syrian Foreign Minister Khadden said to Bagradumi. Then he opened the door.

What will happen after the mutual release of prisoners between the Phalangists and Syria, and what will be the result of the dialogue between them? What will be the next phase?

Where will this process stop, and where can it stop?

And if it does stop, does it mean that relations will revert to their former condition, and that there will once again be clashes and allenation?

Attorney Karim Baqradumi, a member of the Political Bureau of the Phalangiau Party and the architect of the policy of rapprochement between his party and Syria, outlines in a report, which he submitted to the Political Bureau, the phases which this dialogue could go through according to his view of matters. Bagradumi also outlines principles which can serve as a basis for the working paper which is being prepared to transform the phase of preliminary dialogue into a phase of political dialogue in order to dilute differences and clear channels of communication of residues of old disputes clogging them up.

Attorney Baqradumi carried four questions on two visits to Syria to explore the intentions of high officials there before initiating open and direct dialogue on various levels between the two sides.

These questions were as follows:

1. In Syria ready to conduct a dialogue with the Phalangists? The answer which Baqraduni brought back to his party was "yes." According

to the report he submitted to the Phalangist Political Sureau, Foreign Minister Abd-al-Halim Khaddam defined the Syrian position as follows:

- a. Syria is always prepared to maintain a dialogue with all parties on the Lebanese scene, including the "Lebanese Front" or the Phalangists. It should be borne in mind that Syria was not the one that interrupted the dialogue. It was the "Lebanese Front" which interrupted it.
- b. Syria did not seek in the past, nor does it seek in the present, a military solution for the Lebanese crisis. On the contrary, the Syrian initiative was undertaken in order to prevent military solutions. And since Syria's policy is oriented toward a political solution, the situation calls for a dialogue with all of the parties.
- c. Syria believes that the only possible national solution is a political solution, and that any solution which does not have the participation of all of the parties involved or does not take into account one of the parties involved cannot be a real solution.
- d. Syria supports efforts to achieve an accord between all Lebanese parties, and Syria refuses to be an alternative to the Lebanese state or to any Lebanese party, whether this party is the "Lebanese Pront" or the "National Hovement."
- 2. What is Syria's concept of the dialogue? According to Baqraduni's report, he returned with the Syrian answer that Syria's concept of the dialogue consists of a set of assurances and, at the same time, demands. Foreign Hinister 'Abd-al-Halim Khaddam stressed the following:
- a. Syria wants to withdraw from Lebanon. The first stage would be withdrawal from Beirut and Hount Lebanon without causing an explosion or complications for the Lebanese regime, for strategic reasons which Khaddam did not directly clarify.
- b. Syria does not make it a condition that Lebanon conclude treaties of any kind which would worsen its bilateral relations with others.
- c. Syria insists that the Israeli issue be closed because there is no longer an exclusive air umbrelia over Syria and Israel. This is one of Syria's central and essential demands.
- d. Syria considers that opposition to "Camp David" is, as far as Syria is concerned, a pan-Arab position which arises from the duty to defend the rights of the Palestinian people. It also considers "Camp David" to be a danger to Lebanon from the point of view of the Palestinians settling there and from the point of view of undermining Lebanon's economic, political, and cultural role.
- 3. What is the Phalangist concept of the dialogue? Attorney Karim Baqraduni says in his report that he brought up a number of principles

and matters with the Syrian officials, and they were as follows:

- a. The Phalangists generally adopt the premises of the accord, announced by President Barkis, with the following reservations:
- (i) The fact that Lebanon is an Arab country does not mean, and shall not be permitted to mean, that Lebanon is a Moslem country.
- (11) Bilateral relations between Lebanon and Syria should not necessarily mean making treaties and pacts.
- (111) Supporting the Palestine cause does not mean approval of the settlement of the Palestinians in Lebanon.
- (iv) The Phalangists consider the matter of the Palestinian presence in Lebanon to be the central part of the crisis. On one hand, it is not possible to establish a Palestinian state outside of Lebanon in the near future because of Israel's absolute rejection of this, and, on the other hand, it is not possible to seize the weapons of the Palestinians inside Lebanon, because the Palestinians refuse to allow this. For this reason, the situation in Lebanon, remains confused, the government remains ineffective, Palestinian settlement in Lebanon becomes a fact, and partition becomes likely. This is something which must be faced and dealt with.
- (v) The Phalangists insist on the necessity of having the Lebanese army take over all of the areas from which the "Arab Deterrent Forces" will withdraw. This is in order to prevent the situation from exploding again--something Syria does not want, especially along the front lines in Beirut and in Mount Lebanor. The Phalangists emphasize that Syria, from the pan-Arab and from the national points of view, has no interest in seeing a continuation of anarchy and instability. Likewise, neither Lebanon nor the Phalangist Party has any interest in undermining the Syrian regime or plotting against it.
- (vi) The Phalangists believe that the conflict with Syria is a result of a historic misunderstanding which has led to the creation of a situation of great mutual suspicion and lack of trust. What is needed is to eliminate the causes of the conflict which has taken place, in order to pave the way for a restoration of psychological and political trust. Likewise, existing negative vestiges must be eliminated. This can begin with the release of prisoners, putting a stop to media wars, and solving the issue of northern Lebanon. It should be borne in mind that the solution to this last issue can be delayed, because it is presently causing aggravation for Syria which is not yet capable of conceiving a solution for it. However, the passage of time will make it possible to find a solution for this issue.
- 4. What are the projections for the future?! In his report, Baqraduni answers that possibilities are available, even though they are difficult.

critical, and long-term. Preliminary contacts have led to rebuilding the destroyed bridge between Syria and the Phalangists. The only thing remaining is to take the decision to cross it. There is no doubt that the dialogue will be difficult, critical, and lengthy, because the results of the dialogue will force the Phalangist Party to adopt positions which are courageous, essential, and which demonstrate awareness.

One can conceive of the following steps as part of a working plan for rapprochasent between the Phalangista and Syria:

- 1. Releasing the Syrian prisoners who are held by the Phalangists as a unilateral initiative so that this matter does not become the object of bargaining, because Syria rejects the principle of bargaining in this area. (Fifty Syrians have already been released in exchange for 16 Phalangists, and Syria still holds 10 Phalangists who are accused of being involved in the Ihadin incident.)
- 2. Stopping attacks in Phalangist radio broadcasts and in the Syrian media in order to clear the air and help to eliminate negative vestiges. (This has already been achieved to a large extent.)
- 3. Continuing to discuss, via the Lebanese government and the Phalangists, the withdrawal of the "Arab Deterrent Forces" from the commercial areas and from the district of Upper Math next May.
- 4. Delaying a discussion of the issue of northern Lebanon, because Syria still still adheres to its opinion of former President Franjiyah. Relations between them are not only emotional, but also based on objective considerations. It could be that the passage of time will be a very important factor in dealing with this issue.
- 5. Undertaking to continue the dialogue with Syria and to initiate a campaign of information and awareness within the ranks of the Phalangist Party for the purpose of preparing rank-and-file members of the party to accept the dialogue with Syria and its results. The role of the Phalangist War Council will be very important in this regard.
- 6. Concurrently conducting the dialogue on two planes to achieve the rest of the solution. The desire to eliminate the effects of the conflict which has occurred brings up definite and particular matters such as the release of prisoners and putting a stop to the media wars. And the desire to restore psychological and political trust brings up general, comprehensive, and critical matters such as the relationship with Israel and the problem of the Palestinian presence in Lebanon.
- 7. Forming a Phalangist committee which will have the task of preparing a working paper on the current dialogue with Syria and on continuation of this dialogue.

- A. The holding of lengthy emergency meetings by the Political Bureau, after the working paper has been prepared, to take necessary and appropriate decisions. Next May will be the month set aside for this phase.
- 9. The matter of the relationship with Israel and the matter of the Palestinian presence in Lebanon are the two principal issues which constitute the basis of the Phalangist working paper for the dialogue with Syria. It is not unlikely that the Syrian view of this dialogue will also be based on discussing the Israeli connection and the Palestinian situation.

These are the contents of the report which was submitted by attorney Baqraduni to the Political Bureau of the Phalangist Party. Will the dialogue end up with the adoption of minor decisions or major decisions? According to Baqraduni, the main thing is that there is no turning back of the clock. Any step forward, no matter how small, is a gain which has been achieved. There is no way to take a step backward, he said, because the obstacles that were in your way will be behind you after you overcome them. Thus, if you go backward, you will run into them again. The heart of the problem facing the dialogue is in two basic issues, namely the relationship with Israel and the Palestinian presence in Lebanon. As progress occurs in the solution of one of these two problems, so shall progress occur in the solution of the other.

As far as the government authorities are concerned, some of them feel that a dialogue which takes place without, instead of through government participation, will mean aggravation of the problems. However, other government authorities feel that such a dialogue would complement the dialogue which the authorities are conducting with Syria, and would help achieve the basic aim of the dialogue. This aim is the realization of a national accord in order to arrive at the formation of an effective government. The dispute between the Phalangists and the Syrians, and the dispute between the Phalangists and Franjiyah constitute the main problem, in the view of these authorities.

9468 CSO: 4802

### CABINET ADVISED OF PROJECTS REALIZABLE IN NEXT 12 MONTHS

Beirut AL-NAHAR in Arabic 8 May 80 p 7

[Article: "Development and Reconstruction Board Asks in Message to Council of Ministers Approval of Projects Valued at 2,691 Million Pounds"]

[Text] The development and Reconstruction Board has addressed to the Council of Ministers a message containing a list of the projects that can be implemented in the next 12 months under the existing security conditions and in the light of the available implementation capabilities and of the needed priorities with the Arab aid funds allocated by the 10th Arab summit conference held in Tunis on 20 November 1979.

The Board points out in its message that to realize this goal, it has resorted to:

Reconsidering the reconstruction plan prepared in cooperation with the various ministries and departments.

Taking into consideration the development projects included in the second and third sections of the 1980 budget.

Discussing the projects proposed by the general ministries concerned.

Discussing the projects concerning the southern area.

After meetings with the ministries and establishments concerned, the Board has reached its conclusions on the lists of projects that can be implemented, pointing out in every project the name of the ministry or establishment concerned, the specifications, the executive agency, the project priority, the sum allocated for the 12 months and the total costs.

The Board has concluded by requesting the following:

"... In view of the importance of implementation and of overcoming the bottlenecks in the administrative and manpower spheres under this particular circumstance, the Development and Reconstruction Board proposes that the Council of Ministers adopt a decision including the following special rulings:

"Empowering the establishments entrusted to implement the projects by the Council of Ministers, on the recommendation of the Development and Reconstruction Board, to apply in their implementation the regulations followed in the Development and Reconstruction Board.

"Empowering the implementation agencies to entrust a private company to supervise the implementation and to simplify the control process by having the [agency's] administration approve the statements of these companies without the intervention of any control team in the administration, provided that the contacts concluded with the companies commit the companies to a civil and penal responsibility that covers their private monies."

# Reconstruction Projects

The Board has attached to its message a chart listing the sums allocated for the reconstruction projects in the south and in the various areas and amounting to 2,691,090,000 Lebanese pounds. The chart is published in another part.

#### Reconstruction Plan

The Board has also attached to its message a chart of the projects designated for the next 12 months as part of the reconstruction plan that was prepared by the Board in 1979. The projects are distributed as follows: 400 million pounds for housing, 173.5 million pounds for the Beirut Port during the phase currently under implementation, 100 million pounds for loans to the private industrial, tourist and medical establishments and 150 million pounds for the first phase of the commercial center projects.

# Sums Allocated For Reconstruction Projects (In million Lebanese Pounds)

		Other	
ctor	South	Areas	Total
Housing	150	250	400
Al-Shiffah Water	38.1 (1)	191	229.1
Hospitals and Clinics	22.855	357.9	380.755
Schools	12,00	53.8	65.8
Social Aid and Manpower Training	18.14	48.81	66.95
Council of the South	213.985	-	213.985
Restoring Road Network	94.6	471.1	565.7
Restoring Railroad	12,00	26.00	38.00
Second Phase of Restoring Airport	-	100.00	100.00
Restoring Beirut Port	•	173.50	173.50
Continuing Projects to Make up for			
Shortage in Electric Energy	-	100.00	100.00 (2)
Agricultural Projects	20,408	86.892	107.30
	Hospitals and Clinics Schools Social Aid and Manpower Training Council of the South Restoring Road Network Restoring Railroad Second Phase of Restoring Airport Restoring Beirut Port Continuing Projects to Make up for	Housing Al-Shiffah Water Hospitals and Clinics Schools Social Aid and Manpower Training Council of the South Council of the South Restoring Road Network Restoring Railroad Second Phase of Restoring Airport Restoring Beirut Port Continuing Projects to Make up for Shortage in Electric Energy  38.1 (1) 22.855 12.00 18.14 213.985 12.00	Housing

120	Loans for Private Industrial, Tourist and Balloal Establishments			
14.	That Have Renumed Their Activities Commercial Center	25.00	75.00 150.00	150.00
	Grand Total	607.088	2,084,002	3,691.09

- (1) Out of a total of an entire sum of 1,020,000,000 million Lebanese pounds allocated for the south in case the security conditions stabilize.
- (2) It is likely that the sum allocated for these loans will be increased.

8494

Ch0: 4802

## HOUSING SHORTAGE DISCUSSED

Parts AL-MAHAR AL-'ARABI WA AL-DUWALI in Arabic 28 Apr to 4 May 80 p 36

(Article: "Where Do the Lebanese Live? All Projects Remain Just Promises: Housing la Only For Rich People")

(Test) The slow pace of construction, the rise in its costs, the lack of implementation of any housing projects, the lack of balance in rent control laws, and forced relocation migration are five taxes that the Lebanese have to pay all at once in order to keep their heads above water. Since 24 March, the appropriate parliamentary committees have been studying a rent control bill, and have been doing so amidst clashing opinions on the part of the deputies, because any such bill which is not linked to a long-range housing policy will not change the disparity which exists in the housing sector. Up till now all the government has done is to establish a Housing Bank which, in about 11 months, has received 321 requests for [losse for] the purchase, construction, or repair of housing. The requests amount to 43 million Lebanese pounds. This Housing Bank remains the only means by which citizens can solve their housing problem. But the bank still suffers from the problem of a lock of available low-cost (inancial resources to draw on.

On the other hand, the Agricultural, Industrial, and Real Estate Credit Bank has raised the interest rate for its credit loans. During the course of last year, it was not able to satisfy all of citizens' requests in the [rental] building sector.

Instead of using bank deposits to give construction loans, in view of the difficulty of the situation, the Bank of Lebanon has placed restrictions on bank credit, especially on credit for investment in the field of real estate, in order to halt the rise in the prices of land. This has caused the minister of housing and cooperatives, engineer Michel Murr, to set up a plan for the construction of 20,000 housing units.

However, all projects will remain more promines as long as the government is not enthusiantic about drawing up a housing policy. For the last 10 years, it has not been able to carry out even part of what it promised

in the area of lowering rents or providing housing for middle and lower-income people, or even for needy people. At the same time, rents have been rising like crasy. During the last 10 years, they have gone up more than 600 to 700 percent. And if rental leases did not show any increase between 1967 and 1975, the leases made from the beginning of 1975 to date have increased to a degree which is unreasonable. Things which have contributed to this are the slow pace of construction, the rise in construction costs, the lack of implementation of any housing plans, and forced internal migration due to the disturbances which have taken place. In addition to this, there has been no balance in rent control laws.

The abare of disposable income which a Lebanese family can spend on housing has decreased from 24.8 percent to 18.31 percent, and the percentage that it is able to spend on rent has decreased from 16.3 percent to 11.96 percent. This percentage is determined by balancing the needs for all types of expenditures. For example, half of a family's income goes for food alone. The consequence of this is that the decrease in a family's capacity to set saids a large percentage of its income for housing has further complicated the housing problem. It makes it necessary to confront the insue of the rising cost of living through a unified policy which would combat all of the causes of the rise in prices, all at once, and not separately. There are many elements which determine how high rents are. The most important of them are the pace of construction, the costs of building, the price of land, the availability of financing for construction, housing and rent control laws, and housing projects.

### The Pace of Construction

Construction costs are one reason for the disparity which has occurred between supply and demand in the housing market. Costs include the price of land and the price of construction. The price of land (as defined in a UN publication) "is determined by conditions of temporary equilibrium between forces which compete for a scarce item, which is the plot of land." It has a strong effect on determining construction, since it determines the number of buildings to be built, where they are built, the form they will have, their characteristics, and their costs. By way of comparison, the ratio of cost of land to construction costs should range between 25 and 35 percent, and here we are taking into consideration the price of land at the time of construction, not the price it was purchased for.

The real estate market in Lebanon is characterised by limited supply, especially of land suitable for construction. On the other hand, there is an increase in demand for such land. This is because of many factors, the most important of which are relocation, a disparity in the demand for capital and economic development which causes the land to be used for purposes other than those it was originally intended for. Principal factors also play a role as a result of technical, economic, and social

change, and they influence how the land is used. This involves a narrowing of the gap in the differences of income and an expansion in the areas of asserted and entertainment. For this reason, buildings which have been put up for bousing are [later] used for conserve and conserval service offices. This previously happened in downtown first, and is now happening in downtown Jumie and in the suburbs of beirut. Agricultural lands have become non-agricultural, and on the plains and seashore, especially between al-boursh and Dhayeb, lemm ree gardens have been transformed into "an empire of reinforces concrete."

Other things which influence the rise to land prices and construction costs, and which limit the supply of real entate, are the social status of certain residential areas and the groups which will live in them. This is what happened in al-Hamro' and Ra's Belout in the 50's and all during the 70's, when a modern commercial area was constructed and most of the haming there was built for foreigners who were better off financially then were the behance. This is also what happened in the areas of al-Rabiyah, 'Arms, and al-Magqash, where the bousing was intended only for certain groups of people with high incomes and prominent social status. One could also cite the sample of the al-Marsah area, which was set aside as a bouning and residential area for foreign ashareadors and sombers of the diplomatic corps.

These areas were characterized by limited land supply, a rise in building costs, and high rents. Here, it is the type of tenant which plays a role in the rise of the cost of land.

The implementation of public works projects in certain areas also played a role in the rise of the cost of land. These were called "improvements." According to the law, a tax was imposed on land in this type of area. It was known as "improvements tax." But the law was not implemented as it should have been,

The buying and melling of land, especially land that was set aside for residential areas, has come to be far more important than the building, renting, or sale of residences. This is because the price of a square seter of land is going up fast and provides a tempting profit rate for capital invested in it. In the absence of legislation concerning the compulsory sale of land, or in circumstances where such legislation exists but is not applied, there will continue to be a scarcity of land.

For this reason, it is importalise to draw up general city aming which determines land set aside for construction by specifying and surveying wooded areas, areas to be free of construction and areas for residental plots. This is in addition to specifying and increasing the surface utilization factor, that is, the ratio of the area permitted to be covered by construction to the total area of the plot, as well as specifying and increasing the "total utilization factor," that is, the ratio of the total floor space of all floors of the building to the land area.

With the exception of financial investments and the increase in bank investments, the causes mentioned above are the ones which are causing the prices of land to go up like crary and are causing an increase in construction and rental costs. This is in addition to a rise in building costs which include the cost of materials, equipment, and labor. The prices of some building materials are linked to the countries of their origin, and are thus subject to the effects of inflation.

# Prices of Building Materials

Serveen 1951 and 1952 there was a rise in the cost of building materials because of the inflation that resulted from the Eurean War, and the same thing happened between 1963 and 1965 due to other inflationary reasons. But coment and from prices either maintained their levels or decreased alightly in the year 1968, in comparison to 1950. The price of a ton of coment became 59,50 Lebanese pounds instead of 57 pounds, and the price of a ton of iron became 327 pounds as appused to 338 pounds.

in order to protect the national from producing industry, customs duties of 13.5 percent were imposed, and this amounted to as much as 40 pounds per ton of imported from. Then the customs from became 17 percent and 50 pounds per ton of imported from. The price of a ton rose to 490 pounds in the year 1969, it was 1,180 pounds in 1974, then went down to 750, and then up to 850 and 950 pounds. At the present time, the price ranges between 1,415 and 1,950 pounds, according to type.

The price of a con of cement has risen to 133,5 pounds. At the present time companies are selling it (FOR) for 214 pounds. In the market-place, a ten selle between 300 and 400 pounds.

Labor costs in the building sector have also increased tremendously. Unskilled labor now costs 80 Lebanese pounds per day. Labor costs are supposed to constitute 25 percent of the cost of a square meter. But now they are higher than than.

The rise in the cost of a square meter, between the years 1934 and 1969, has been as follows, according to building categories:

Category I -- (central heating, elevator, air conditioning, and luxury furnishings and appliances) -- from 200 to 1,800 pounds. It is currently estimated at 2,200 pounds,

Category 2 -- (heating, elevator, and air conditioning) -- from 170 to 1,400-1,600 pounds.

Category 3 -- (two of the four features) -- from 122 to 1,200 pounds,

Category 4 -- (one feature) -- from 110 to 1,000 pounds.

Category 5 -- (without any of these features) -- from 100 to 950 pounds,

In the cost of a square meter, the feature of having an elevator increased from 10 pounds to 80 pounds. The feature of air conditioning increased from 48 pounds to 250 pounds. And the cost of some lusury features [figures into the price per square meter] increased from 30 to between 150 and 200 pounds.

9466 (80) 4802

### CHANCES OF INPLEMENTATION OF RECONSTRUCTION PLANS PROBED

London AL-HAWADITH in Arabic 2 May 80 pp 45-46

[Article by 'Adnan Karimah: "First Year of Rebuilding Lebanon With Arab Funds to Begin in 2 Months; Muhammad 'Ataliah to AL-HAWADITH: We Will Implement Economic and Social Plans up to Border Strip Under U.N. Supervision; Allocation of 150 Hillion Founds as Symbolic Sum to Begin Rebuilding Commercial Center, 400 Hillions for Housing, 300 Hillions for Airport and 150 Hillions for Port"]

(Text) If the month of April is the month of destruction and devastation in the south insofar as larged to concerned, then it is the month of preparing for the march to rebuild and try to secure peace for Lebanon after a war that has lasted 3 years—a war from whose causes and reasons the inraeli enemy has not been far.

When larged's gums and missiles were bitting the mouth from the ground and from the air and while its rockets were bitting Tyre and Bidon, leaving behind dead, wounded, orphaned, widowed and homeless people, the Development and Reconstruction Board in Lebanon was working diligently to draw up a complete and comprehensive plan to rebuild not only the south but all of Lebanon with the Arab aid funds approved by the Tunis summit last year and amounting to 2 billion dollars, one half of which is allocated for the southern area.

The Board's plan for the first year of rebuilding case after the start of the flow of the Arab funds to Lebanon. Even though the state did not receive until last week any payments other than Iraq's share for the current year, amounting to 20 million dollars deposited in a special account at the Central Bank, the information available to the Lebanese officials indicates that most of the countries committed to aiding Lebanon are about to make the payment arrangements. These officials believe that the payments will be made by these countries shortly and before the middle of the current year.

Thus, the preparation is proceeding along two lines:

First, an Arab line connected with the arrangements for payment of the first year aid, amounting to 400 million dollars.

The second line is a Lebanese line connected with formulating a spending plan and with determining the projects that will be financed by the Arab aid funds.

The two lines are parallel and they move forward together to meet ultimately at the point of implementation. While waiting for the delivery of the Arab funds to Lebanon, the Lebanese projects are being prepared, beginning with determination of the projects by the experts, their approval by the ministers and then by the authorities concerned prior to inviting bids to conduct studies on the projects and ending with their implementation.

The Development and Reconstruction Board, after a series of meetings held with several ministries concerned in the presence of Board Chairman Dr Muhammad 'Ataliah and the ministers concerned, has prepared a list of the urgent projects that can be carried out under the current security conditions on the basis of the principle raised by Lehanon before the Tunis summit and before approval of the Arab aid—a principle which says: "Every urgent project that can be implemented must be implemented."

These projects have been selected from among!

- 1. The projects included in the second and third sections of the 1980 budget.
- 2. The projects included in the reconstruction plan prepared almost 2 years ago in cooperation with the ministries concerned.
- ). The vital social and economic projects concerning the south alone.

In the selection process, consideration has been given to the possibility of the implementation of each project in terms of the availability of a study and the presence of the possibilities to invite bids, to award contracts and the ability for implementation, in addition to the presence of neggity conditions that make it possible to implement the project.

When will work begin to implement the first year of reconstruction?

Or 'Ataliah save: We have been careful not to the work to a certain year and not to say that 1980, for example, is the first year of reconstruction. We have drawn up a 12-month plan that can begin at any time. We have to begin implementation as soon as possible, keeping in mind that this implementation requires the presence of two elements:

First, agreement on the list of projects requiring implementation and the ratification of these projects by the Council of Ministers.

Second, the availability of the financing, i.e., the delivery of the Arabaid funds at a rate sufficient for spending on these projects in the first year of reconstruction.

Before dealing with the projects which will be financed by the Arab aid funds, it must be pointed out that Lebanon had begun to make the necessary arrangements for implementing vital and urgent projects with its own monies or with domestic and foreign loans, including the project for the study on waste disposal and on newerage and the roads project. Insofar as the second project is concerned, it has been decided to begin implementing it, according to Dr 'Ataliah, at the beginning of next summer. This project provides for restoring 60 kilometers of roads divided at a rate of 20 kilometers for the Beirut-morth road, Beirut-south road and Beirut-Mount Lebanon road proceeding in the direction of Damascus. The Council of Ministers has allocated nearly 100 million (Lebanese) pounds to finance the implementation. The sum has been secured from two sources: First, from a treasury loan amounting to 25 million pounds, already spent, and, second, from the well-known foreign loan amounting to 150 million dollars. A sum of 20 million dollars will be taken from this loan (one dollar is equal to 3.38 pounds).

This project is the first step of the first phase of the public roads project included in the reconstruction plan and covering 3,500 kilometers. The costs of this project were estimated in the preliminary study at 500 to 600 million pounds. But the estimates now exceed one billion pounds due to the rise in prices and the increase in the number and size of the potholes as a result of the war that has lasted 5 years, not to mention the rains and the snows that have taken their toll on the roads.

The Development and Reconstruction Board considers its road network project as the sole means of transportation and expects a large part of this project to be financed by the Arab aid funds.

As for the project to supply water from al-Litani River in the south to Beirut to provide drinking water to its inhabitants, it seems that this project has been replaced, even if only temporarily, by another project calling for the construction of a dam in (Sari). The international Development and Reconstruction Bank has agreed to finance the study on this project which will cost 1.5 million pounds. As for financing implementation of the project, it will be done by the Arab aid funds. This is in addition to other water projects which will also be financed by the Arab funds.

There are vital and important projects included in the list of the first year plan for rebuilding Lebanon, including the bousing project which is expected to get an allocation of 300 to 400 million points, the projects for hospitals with allocations of nearly 400 million pounds, the airport project which will take a share of nearly 300 million pounds from the Arab aid and the Beirut Port with an allocation of 150 million pounds. Out of optimism, a symbolic sum of 150 million pounds has been allocated for the current year to start rebuilding the commercial center which will cost one billion pounds. The sum of 150 million pounds has been allocated to implement whatever is possible to implement when security is established in this center. Moreover, other allocations have been made for agricultural projects and for land reclamation because of the big damage caused to the agricultural sector during the war.

But What is the south's share of the projects financed by the Arab aid?

When the Tunis number net the sum of the Arab aid to Lebanon at 2 billion dollars to be paid over a period of 5 years at the rate of 400 million dollars annually, it made it conditional that one half the sum be spent on projects in the nouth. Because the Lebanone government is easer to respect the number resolutions and because it is seeking to implement them, the Development and Reconstruction Board has begun to prepare the southern projects that can be implemented during the next 5 years and which must have a value of one billion dollars by the end of this period.

The truth is that the southern population can no longer wait for the international or external detente in order that the reconstruction process may begin and that the development may start. The southern population cannot wait for several reasons:

- 1. The situation in the south, like the situation in other parts of the Lebanese countryside, suffered from neglect in the phase preceding the events.
- 2. The tragedies to which the southe ners have been exposed have exceeded the limits of the endurable. Buman flexibility has limits that must be taken into consideration. The inhabitants [of the south] are suffering the loss of their homes, their property, their sources of water, health services, schools and the means of earning a livelihood.
- 3. The stoppage of maintenance work has caused numerous services, such as hospitals, schools, roads, communication means and water, to reach such a state of disrepair that poses the threat of the total loss of these services if the reconstruction efforts are delayed.
- 4. Emigration has turned into a drain that threatens the fate of the land. The longer the works wait, the smaller becomes the chance of the emigrants returning to their homeland. Thus Lebanon will lose them as it has lost many before them.

For all these reasons, the state has decided to begin implementing essential vital projects, even under the existing conditions, to help the southern to stay and stand fast on his land and in his home.

The first-year projects for rebuilding the south with the Arab aid funds include vital services, of which the most important are:

The construction of shelters to protect the southerners against the repeated israeli attacks.

The construction of stationary and mobile hospitals and clinics.

The construction of schools, especially weational schools that are needed by the south's economic and social requirements.

the public sector's spending on the infrastructure projects and other public projects, a sum of 10 billion pounds was estimated for this spending—a sum which has now risen to 15 billion pounds. Thus, the costs of the reconstruction plan have risen from 22 to 35 billion Lebanese pounds, i.e., they have risen by 60 percent.

More than 2 years ago, the state put at the disposal of the industrial, tourism and medical establishments a sum of 400 million pounds to be advanced to these establishments as soft-term loans to help them rebuild their production capability. The loans are given at an interest rate of five percent and for a period of 8 years, with a maximum grace period of 3 years, provided that the Development and Reconstruction Board shoulder 75 percent of the financing and of the risks and that the private sector shoulder 25 percent of the expenses.

It has become evident that the sums borrowed by the establishments concerned have not reached so far 100 million pounds out of the total of 400 million pounds. Whereas the officials attribute this fact to the reluctance of businessmen to resume their works because of the unstable security conditions, the businessmen, especially the industrialist, say that the main reason—in addition to the security situation—lies in the complications imposed by the Industrial and Tourism Development Bank.

However, it seems that the state officials are optimistic that the businessmen will develop big enthusiasm for benefiting from these loans in the current year. This is why the Development and Reconstruction Board has suggested that 200 million (pounds) from the Arab aid funds be added to this sum of 400 million pounds.

There has been a change in the share of the banks which has dropped from 25 percent to 10 percent. This change came in the wake of the rise of the market's bank interest rates to more than 12 percent whereas the interest on soft-term loans is five percent only, a fact which subjects the loans to a loss.

It has been decided to add the Industrial, Tourism and Real Estate Loan Bank, chaired by Butrus al-Khuri, to the National Bank for Industrial and Tourist Development, which is chaired by 'Abd-al-Rahman al-Tayyarah, to represent the state in shouldering 90 percent of the financing and risks [sic]. Instructions have also been issued to facilitate the process of granting loans to those who merit them, provided that two major elements be stressed:

First, the economic feasibility of a project, i.e., making sure of the project's profitability and its ability to repay the loans.

Second, a collateral covering the value of the loan,

Dr 'Atallah, the chairman of the Development and Reconstruction Board, believes that the loaning terms are very soft and fantastic. He expects

the industrialists and owners of tourist and medical establishments to apply for loans exceeding 200 million pounds in the current year alone.

However, the eyes continue to be focused on the south because all of Lebanon is tied organically to what is happening in the south and on Lebanon's southern borders. This is why the Arab presidents and kings meeting in the Tunis summit put the south on one side of the scales and the rest of Lebanon on the other side when they set the sum of the aid at 2 billion dollars, one-half of them for the south.

But if it is possible to implement projects in the various parts of Lebanon under the canopy of the unstable current security conditions, can this be done in the south?

This may be possible in a southern area somewhat far from the battles. But what is more important than all this are Israel's ambitions in the lands, water and resources of the south and Israel's wish to keep the southern front "hot." Here is where the question of the possibility of insuring "the security of the project" to be implemented, particularly during the time of implementation, emerges.

To start with, there is Israel's desire for the war, destruction and devastation to continue. This desire is countered by a Lebanese and Arab desire to work for reconstruction and for establishing peace. The next few weeks must inevitably show which of the two desires will triumph.

8494

CSO: 4802

## STOCK MARKET REQUESTS FINANCIAL HELP TO RESUME ACTIVITY

Beirut AL-NAHAR in Arabic 5 May 80 p 7

[Article: "Stock Market Asks for One Million Pounds to Resume Its Activity and to Repair Its Building"]

[Text] Dr 'Ali al-Khalil, the minister of finance, has asked the Council of Ministers to approve the Beirut stock market's request for an aid of one million pounds to make up for the deficit in its balance, to enable it to resume its activity and to repair and furnish the old building that it used to occupy in al-Huwayk Street.

The minister has addressed in this regard a message to the Council of Ministers stating:

"I present to you the Beirut stock market letter containing a request for financial aid amounting to one million pounds to enable the market to fulfill its commitments toward its customers and to preserve its existence, keeping in mind that since the beginning of the events in Lebanon the stock market has faced financial difficulties that it cannot overcome with its normal revenues.

"The market has been forced to move its offices more than once.

"It has lost most of the equipment that existed in its old offices.

"Its normal revenues have dropped because of the economic conditions and because of the rise in the international market's interest rates—all of which have caused capital owners to refrain from investing their monies in stocks, especially Lebanese stocks.

"The market's administrative expenses have risen as a result of the rise in wages and the increase in the cost of services.

"All this has led during the years of the events to a drop in the stock market's revenues and to an increase in its expenses, thus forcing it to consume the reserves it had built up during previous years and causing it to incur a deficit totaling 1,528,300 Lebanese pounds, detailed as follows:

Deficit by end of 1977	318,800
Value of Equipment Necessary to Enable	
Market to Resume Its Activity	534,500
Restoring Old Building That Used to Be	
Occupied by Market, Along with	
Furnishings	450,000
Estimated Deficit for 1980	225,000
Total	1,528,300

"Therefore, I hope you will agree to allocate for the Beirut stock market financial aid amounting to one million Lebanese pounds taken from the budget reserves so as to enable the market to regain what it has lost during the events and to resume its normal activity so that it may persist in its effective role in directing the Lebanese economy."

Stock Market's Letter

The stock market's letter states:

"The painful events that have swept the country and have caused grave damage to the economy, as well as all the other utilities, have also had their impact on the Beirut stock market and on its material and moral conditions. This is made evident by the negative development of these conditions in the past 5 years—development that has led to the consumption of the surplus accumulated in 1974 and amounting at the time to 601,665.26 Lebanese pounds and to a deficit in its finances amounting 318,801.97 Lebanese pounds by 31 December 1979. This deficit is due to several causes, including:

"A drop in subscriptions as a result of the absence of security and, consequently, due to the inability to contact the members, either because of the loss or the closure of their establishments. Moreover, the subscriptions collected have not been enough to cover the expenses and the wages that have been increasing as a result of monetary inflation. The exorbitant rise in the cost of living has also led to increasing the wages.

"A drop in the hall's revenues due to the security reasons that we have already mentioned or to other international reasons, such as the rising interest rates for money. These rates have motivated savers to invest their monies in saving accounts rather than in stocks.

"These reasons, and others, have caused the stock market to develop a deficit. The urgent requirements that the market needs to fulfill its commitments toward its customers, to preserve its existence and to maintain its effective role in developing and controlling the economy are estimated, in addition to the recorded deficit, at the following:

"Dues to be paid by the end of 1980 225,000
"Equipment necessary for the stock market's work 534,500
"Restoration and repairs in the market's original premises 450,000
"Deficit developing by 31 December 1979 318,801.97
Total 1,528,301.97"

6494 CSD1 4802

243000			150,000,23
and and	S. 5. 3. 38		
			282,359,00 186,
Surplies Patition	N. 563. 18	20,000	
Costs	S. C		6.30, 342, 45 6.30, 486, 73
No.	36.00	Z 3. 2.20 . 20	5:3.103.3:
Flace In	200	) 0	0 0

### Off, REPINING, DISTRIBUTION STATISTICS FOR 1974-IN CITAL

Beirut Al-NAHAR in Arabic 5 May 80 p 7

[Article: "Oil Statistics From 1974 to 1978; Varying Froduction and Limited Refining; Two Refineries, il Companies, 800 Service Stations and 350 Janker Trucks"]

[fext] The General Directorate of Petroleum has gathered the off statistics in Lebamon during the 5 years of 1974 to 1976 in a book which will be followed by another book on the 1979 statistics. In this regard, the directorate puts at the disposal of those concerned numerical facts through which conclusions can be made regarding the oil marketing trends in a sector that still experiences "upheavols," either fabricated or resulting from failure to take into consideration the facts and reality presented by the figures.

Even though thrahim al-Shuwayri, the general director of petroleum, has pointed out in the precide to the book "the encalating importance of oil and sta derivatives in our daily life, in serving the needs of the modern man and in insuring his comfort—an importance that has turned oil into a daily concern preoccupying man's mind and causing his worry and that has made oil indispensable," this concern has become the ever-present preoccupation of the officials in charge of Lebanon's oil sector because "fortune has destined to be an oil consuming and not an oil producing country."

The statistics are confined to Labanon's oil needs and to the channels of consumption through which oil runs and flows into the daily fields.

However, the preciode does not deal with the changes that have taken place in the oil sector during and after the events, keeping in aind that the production of the two refineries declined by 27 percent between 1974 and 1978. The 1976 decline is due to the security setback in the middle of the year.

Here is some general data contained in the book:

#### President fices

This data reviews briefly the sources of the oil derivatives supplied to the local consumption market and the way the distribution of these derivatives to regulated.

First, the sources of oil derivatives supplied to the domentic consumption market:

Lebanon's domentic consumption needs of oil derivatives are secured through

- 1. From the production of the Tripoil oil refinery and the Medrico Company's refinery in al-Zabrani:
- I Through the importation of oil derivatives when the need arisen.
- 1. Production of Two Refineries:

There are two refineries in Lebanon: The Tripull oil refinery and the refinery of Hedrico Company in al-Zahrani.

# A. Tripold Refinerys

The refinery's theoretical refining capacity amounts to 1.75 million torm of crude of annually. Practically, this production has never exceeded 1.5 million torm annually.

The refinery's daily absorption capacity of crudes [crude ofle) amounts to:

Distillation unit No 2		kilmilters	dally
Distillation unit No ) Purification [al-tabelb] unit	1,150	99	00
Varuum distillation unit	2,300	0	(I)
Unit for treating becomes chemically Fragmentation unit	1,300	(II)	00
Amphalt unit		tone dally on	
	and 15 tons daily on		

The derivatives refined daily amount to:

Gan off	1,400 kiloliters daily		
Fuel oil	1,300 W W		
Super benefine	1,600		
Regusens (two types)	670 00		
Liquid gos	176 tona delly		

the seftency's storage capacity amounts to:

Geograp bewerd been	to b corners to b b con b to a gra-
Refinence, two types	7,4100 6110111000
Form 19 1 1	8 460 , (0000)
Fuel off	3 , /000
Liquid men	(PERF) # 119202
Oli tat (asphalt)	de State Cornen

## B. Hodelen Company Bollnory in al Labranic

The maximum refining capacity of the Medition Refinery assumes to 691,821 tons of crude off annually.

The refinery's daily absorption capacity of the crudes amounts to:

Distillation unit	2, 150 bilaliters dall	V
Purification (a) tabelle) unit No 1	105 0	
Fullfleation unit No 2	105	
Pullfleation unit No 1	1 100	
Sulful temesal unit	4,400	
Seanting ton [al-tabliyah] unit	6 65 "	

## the derivatives refined by the refinery daily amount to:

1.48 O.11	Stote Filmittoen daily
Fish of t	1 , / (0.0)
Super honelno	4/9 "
Regument, buth types	Mill Filalitura dally
figured gas	14.6 tone daily

# the storage capacity amount tot

Super benefine	1 4, (1111)	#110111mm
Regular honelno		
Fernance, both types	S, carera	Hilolitera
( as € 10 € 1	P. totale	hilulitors
Frant (1)	16,500	Attolitors
Significant State of the State	7118	tone

#### 1. Immetation

inti) reptember 1979, the famoral directorate of Petroleum Imported benefice to meet the need of the domestic consumption market whenever the need arose. But after the biochast of the Beirut-Tripoli road and when it became impossible to transport liquid fuels from Tripoli to the lavernorates of Beirut and Bount Labanon and to at Bigs (overwrate, with the exclusion of what was supplied to the third one via the Tripoli-al-Arr Boad and the Tripoli-Arra food, the need rose in these green for the various oil derivatives and this

company Refinery to al Zahrani (in the outskirts of Sidon) and at time in the limitaliantons of al hawrah (in the outskirts of Refrui).

#### Distation ton

Second, method of regulating distribution of liquid fuels:

This aspect deals with the method of distributing liquid fuels, transporting them by tanker trucks and selling them to the unnumer at the liquid fuel sale stations (gas stations).

#### 1. Dintribution:

the distribution of oil derivatives, beginning with the delivery of the derivatives at the two refineries (or at al-bavrah installations) and ending with their delivery of the consumer, is done by the if following liquid fuel distribution companies:

- 1. The Mardiyah Holdings Incorporated Company Hobil Oil formerly.
- 2. The Total Company.
- 1. The Coral Old Company, Shell formerly,
- 4. Hedro Company.
- 5. Distrol Gompany, Rass formerly.
- 6. Apand Oil Company, British Patroloum formerly.
- 1. 'las-al-bin Petroloum Company;
- 6. The Orient Oils Company.
- 9. The Hickord Petroloum Company.
- 10, The Hepto Company.

Inactor on the distribution of liquid fuels to concerned, the work of these companies to restricted to that of a middleman because, on the one hand, these derivatives are away the committee subject to official pricing and because, on the other hand, they are state-owned committee produced locally to view of the fact that the state regained ownership of the Tripoli OII Refinery on 5 March 1971 and that it accured the production of the Medrico Company Refinery in al-Labrani in accordance with the processing agreement dated it August 1973. The Ministry of Industry and Off—the General Directorate of Petroleum supplies the derivatives to the distribution companies according to the public interest and in such a manner on to regulate properly the local consumption merbst and to secure its needs,

## F. Transagerettist frei out f.tegertet fremtmi

Equid fuels are transported from the two refficeries or from all fourth to all parts of tehanon by tanker true is designed for this purpose and owned by the liquid fact distribution companies or the state concludes contracts with special contractors to secure the aforement loved transport at four. The number of tenher true is operating at present to nearly 150 with load capacities ranging from 15,000 to 40,000 liters each.

## 8. Adoute Fuel Cale Stational

the mate of oil derivatives is carried out by the ligald fuel mate stations that are tied directly to the fuel distribution companies. There are nearly 800 such stations of present

fully, those roles that are followed currently in the distribution of liquid furly are subject to constant modification and change, depending on the requirements of the public interest and of the commune interest, blane of the aforement loned distribution companies or any other companies have any gained right to distribute certain shares at to have certain shares reserved for them, considering that as of 19/1 those of derivatives have become property of the state which has the right to gamess and to dispose of those derivatives.

it should be remembered that these derivatives are away the commodities subject to official pricing by the public authorities. Therefore, the profits of the distribution companies, of the transportation contractors and of the owners of fuel sale stations are determined by the state within the framework of its general policy that seeks to keep the prices of fuel liquids stable and unified. To achieve this purpose, the state established the independent Fuel Fund is accordance with legislative decree the 16 dated 17 lanuary 1955. This fund shoulders the difference in the cast price of fuels and the prices at which these fuels are outd to the public.

#### Rat f berlieg.

the refining operations take place in the Tripoli Refinery and the Medrico Refinery in all Labrant.

It is evident from the 1974 statistics that the volume refined in the Tripuli Refinery assumted to 1,8%,9% bilaliters of crude oil at a monthly rate ranging from 115,000 to 176,000 bilaliters.

in 1975, the volume refined dropped to 1,557,570 bilaliters and the average worthly production ranged from 117,000 to 165,000 bilaliters, with the exception of September when the volume refined dropped to 16,085 bilaliters.

In 1976, the refinery produced MA,277 biloliters only. It stopped production completely in April, June, July, August, September and Movember. However, it did not stop delivering [derivatives].

the production returned to normal in 1977 and the volume refined amounted to 1,785,497 kiloliters. The average monthly production ranged from 12,000 to 155,000 kiloliters.

The volume reflored to 1977 dropped 10 percent below that refined to 1974.

As for the quantities of crude oil refined in the Medrico Refinery, they amounted to 919,568 kiloliters in 1974 at a monthly average ranging from 27,000 to 90,000 kiloliters.

in 1975, the values refined drapped relatively, amounting to 829,761 kiloliters. The refinery maintained a close average monthly production ranging from 51,000 to 86,000 kiloliters.

in 1975 (presumably meaning 1976), the refinery stopped production for the 4 months of July, August, September and October and refined 464, 167 kilo-liters only.

in 1977, it refined 710,171 bitaliters. However, its production dropped to 21,000 bitaliters in March and 21,000 bitaliters in April wherean the highest volume refined assumed to 81,978 bilaliters in Octover.

In 1977, there was a drop of 22.7 percent below the 1976 Invel.

The general decline in the quantities refined in the two refineries amounted to 27.61 percent below the 1974 production.

In 1978, the percentage remained the name, 1.e., 27.1 percent below the 1976 level. The Ministry of Industry and Oil made up for this drop in production through importation at times and through Arab aid at others, not to mention the amognied quantities which met the market needs during the events.

As a result of the changes dictated by the events, haudi Arabia became the only source of stude oil, the ownership of the distribution companies was taken over by the Labanese and the shares of these companies were adjusted after cancellation of the previous shares.

The plan of the Ministry of Industry and Oil called for cancelling the percentages and releasing the freedom of drawing fuel from the two refineries according to the needs of each company as long as the need of the companies is determined by their sales in the local consumption markets in light of the market demand, according to the "oil pulicy" proposed to the Council of Ministers by Minister Michel Dumit. This "policy" stressed that the worthly distribution of benefice followed according to the allotments set for the distribution companies made the allotments exceed the market's actual needs. Therefore, the companies were no longer willing to draw their full worthly allotments.

tompany Alletments

From the quantities of fuels distributed to 1978, it is evident that the companies got the following shares:

The Wardlych Holdings Incorporated Company: 26.29 percent of the superbuncture, 16 percent of the regular benefite, 27.02 percent of the keroseneused for home purposes, 22.31 percent of the aviation kerosene, 19.49 of the gas oil (ment), 1.13 percent of the fuel oil, 31.46 percent of the liquid gas and 0.52 percent of the pitch.

Coral Oil Company: 17.02 percent of the super benzine, 12.90 percent of the regular benzine, 11 percent of the bouse kerosene, 26.46 percent of the aviation kerosene, 15.15 percent of the gas oil, 5.02 percent of the fuel oil, 14.73 percent of the liquid gas and 57.09 percent of the pitch [al-ghaz al-nafti].

Speed Oil Company: 1.97 percent of the super benzine, 2.1 percent of the regular benzine, 1.71 percent of the house kerosene, 2.27 percent of the gas oil, 12.57 percent of the fuel oil and 7.96 percent of the pitch.

The Total Company: 21.50 percent of the super benefine, 23.94 percent of the regular benzine, 21.73 percent of the house kerosene, 24.64 percent of the aviation kerosene, 13.24 percent of the gas oil, 7.34 percent of the fuel oil, 18.57 percent of the liquid gas, and 42.19 percent of the pitch.

Distrol Company: 7.11 percent of the super bensine, 2.1 percent of the regular bensine, 3.79 percent of the house kerosene, 2.96 percent of the gas oil, 1.45 percent of the fuel oil and 8.15 percent of the liquid oil.

Medico Company: 11.44 percent of the super benzine, 17.75 percent of the regular benzine, 14.65 percent of the bound keromene, 14.76 percent of the gas off, 9.94 percent of the fuel off, 19.08 percent of the liquid gas and 0.18 percent of the pitch.

Intergas Company: 2.89 percent of the super benzine, 2.68 percent of the house kerosene, 4.62 percent of the gas oil and 9.86 percent of the fuel oil.

Liban Petrol Company: 0.76 percent of the super benzine, 7.76 percent of the regular benzine, 5.15 percent of the house kerosene, 5.93 percent of the gas oil and 1.13 percent of the fuel oil.

'Izz-al-Din Petroleum Company: 3.24 percent of the super benzine, 0.87 percent of the regular benzine, 7.24 percent of the boune keromene, 4.8 per ent of the gas oil, and 2.68 percent of the fuel oil.

Hepco Company: 3.93 percent of the super benzine, 16.53 percent of the regular benzine, 3.42 percent of the house kerosene, 4.29 percent of the gas oll and 1.99 percent of the fuel oil.

Miskawi Petroleum Company: 1.78 percent of the super bengine, 1.53 percent of the house kerosene and 1.5 percent of the gas oil.

Calter Company: 24.52 percent of the aviation keromene, distributed by the Medic Company:

Lebauen Electricity Establishment: 8.74 percent of the gas off and 34.59 percent of the fuel off.

Surva [Syria]: 2.04 percent of the aviation kerosene.

Miscellaneous: 0.02 percent of the fuel oil.

Wardtyah, 20.45 percent; Coral, 13.55 percent; Speed Oil, 5.20 percent; lotal, 15.91 percent; Distrol, 3.83 percent; Medco, 10.86 percent; Intergas, 5.15 percent; 'les-al-Din, 3.02 percent; Miskawi, 2.9 percent; Liban Petrol, 1.85 percent; Caltes, 2.1 percent; Lebanon Electricity, 13.01 percent; Surya, 0.17 percent; Miscellaneous, 1.07 percent.

8494 (\*\*0): 4802

## ZIONIST CONTROL OF WORLD INFORMATION HEDIA CONDIGUED

Tripuli AL-ZAHAF AL-AKHDAR in Arabic 12 May 80 p 22

[Article by Dr Muhammad Zarta of the Revolutionary Committee in Florence, Italy: "Zionism and the World Information Media"]

[Text] The Zionist penetration of world information media has been an important factor to the first degree in the jelumion of most of the world's people about their historical and social facts. This has helped Zionism actives a number of goals, including justifying the occupation of Palestine and giving the Jews a legitimate character, since the Zionist information media are still alited with world bourgeois information media, so that these media speak of the defeat of so-called largel as something beyond the reach of the Arabs.

Therefore, the Arab states have to recognize the existence of so-called [strat]. Zionism has not found many difficulties in directly or indirectly controlling the information media, especially in the western world, in view of the existence of Jewish colonies in those cities, with their huge material resources and their alliance with capitalist and bourgeois parties. The Jews vote for these parties in return for privileges and such as freedom of movement in the visual, sudto and printed information media and in curricula for children and young people in the western world. These media venerate the ingenuity of the Jews and the military, economic and technological greatness of so-called Israel, and emphasize the backwardness of the Araba in all aspects. In fact, they mention nothing to indicate the ancient civilization of the Araba and Islamic peoples, concentrating only on Israel, describing it as a small garden, surrounded on all sides by desert, and which the Araba are trying to destroy.

Therefore, Zionist information is allied with bourgeois information. For example, about 10,000 lews live in Morocco, completing the link between Zionism in Palestine, Zionism in Egypt, and Zionism throughout the venters world. It is known that the Moroccan Jews enjoy dual Moroccan-Zionist citizenship, just like the American Jews.

Therefore, the genuine revolutionary forces in the various world arenas must be slort to this dreadful masonic plot which is simed at eliminating all humans factors, and they must resist this ugly octopus so as to prevent the realization of its corrupt, colonialist sime.

PUBLICATION'S MARCH' ATTACKS OMAN, U. S. POLICY IN GULP

Kuwatt AL-TALI'All in Arabic 16 Apr 80 pp 36-37

[Article: "The Carter Doctrine and the Security of the Arabian Gulf"]

(Text) Issue number 31 of the Pr-lodical "5 March" has appeared. It is a monthly political publication of the Popular Pront in Bahrain. The issue contains many articles and news reports describing political, economic and social conditions in Bahrain and the Guif Area. The issue also discusses alogans which must be turned into reality in the present phase, and which represent basic missions for all national democratic factions in Bahrain.

The issue's editorial calls for intensifying the demand of the masses "for the release of the political and trade unionist prisoners, and for soll-darity with the families of the prisoners. These families are confronting their predicasent with rare courage, not heading the prevailing climate of repression."

The first page of the issue carries details of the meeting held on 20 February in the Government Building at al-Manamah between a delegation representing the prisoners' families and Khalife bin Salman al-Khalife, the prime minister. During the meeting, the delegation insisted that "their sons who are detained without legal justification be immediately released or brought to trial, so that the courts may decide their case."

During the meeting, the delegation spoke in a tone characterized by defiance and insistence on this demand. At the end of the meeting, the delegation threatened "a repetition of these efforts in greater numbers." It was referring to the mass gatherings at the Government Building organised by the apposition during the council of ministers' weekly meetings.

It is worth mentioning that on Sunday, 16 March, a mans gathering surrounded the Government Building. It clashed with riot forces in the court of the building, when the latter tried to disperse the crowd. A number of citizens, male and female, were arrested as a result of this incident.

An article under the headline "The Imperialist Plans in Process of Change", deals with current attempts by importable circles to produce a modified form of "the Gulf Necurity" plan. This takes into account changes which have occurred in the area as of the beginning of 1979, and which have created a strategic imbalance between existing forces, to the point where it has become necessary to move to correct II.

The article mayer "Among the states of the area, two points of view have emerged. They are in agreement on what is to be safeguarded, but differ on fundamental and nometimes even on secondary details.

"The first point of view is based on a theory that has been increasingly discussed since the crisis which came upon the tolf Security Plan Tollowing the fallure of the Muscat Conference in 1976. This view holds that the Arab Gulf States must first of all agree among themselves and develop their sutual relations.

The second point of view in baned on the theory of total and barefaced reliance on foreign forces. The Nultanate of Oman expouned this view and granted facilities at the base of Masicab to American naval units operating in the gree of the Arabian Nea. On a previous occasion last year, Oman had submitted to the states of the area a plan which contained an invitation to foreign forces to protect the security of navigation in the vital Straits of Hormuz. Under the plan, the states of the area would bear the operating expenses of these forces."

The article points out that the difference between the two points of view did not concern the substance of the proposed plane, but only the form to be given to "the suspect Guif Security" formula.

The first point of view held "that the Omani plan should be implemented according to the form proposed by the Sultanate of Oman, but with an Arab facade," because foreign presence would arouse sensitivities in the area and would give rise to popular movements hostile to the existing political regimes.

The article characterized the policien followed by the rulers of Muncat "as constituting the most dangerous policy of treason which an Arab regime in the Gulf area had ever pursued. Its implementation would represent a serious threat to the security of the peoples and states of the area as a whole." Oman is the only country in the area whose declared policy is in accord with the new American strategy, or what is known as "the Carter Doctrine." The Omani policy threw overboard all calls of statesmen of the Gulf states "about the necessity of keeping the area out of the areas of the international conflict." The latest of these calls was made in a statement to Radio Monte Carlo by 'Abd Al-'Axis Hussyn, the Kawaiti minister of state for cabinet affairs.

The article defines the present mission of all patriots in the area as "to struggle to keep out this American devil who is coming from sfar to use us as a tool for his private interests. All our peoples in the Arabian Peninsula and the Culf are struggling against foreign bases, and believe that security and peace in the Culf will be achieved only by liquidating all imperialist installations."

The periodical reports "the conclusion of a preliminary agreement between the Popular Front in Bahrain and the National Bahrain! Liberation Front on joint action. The two fronts will prepare detailed plans for this agreement, and will announce them at a future date." The publication also carries articles commemorating the fifteenth anniversary of the Bahrain! people's uprising against foreign forces on 5 March 1965 and the political and historical significance of this uprising of the masses, as well as analyses of the labor situation in Bahrain.

9579

#### REPORE CONSTRUCTOR DISCUSSES SUDAN'S APPROACH TO REPORTE PROBLEM

Khartoum Al-SAHAFAH in Arabic 7 May 80 p 6

| Interview with Assistant Sefugee Commissioner Ahmed 'Abd-al-Mudud Kersrawi, by 'Abd al-Rahman Ibrahim;

[Text] There are three of them, in addition to others, brought together from various parts of the Sudan to the regions of misery. On their abundlers falls the entire dreadful misinistrative burden. They are round like the thousand-armed god Krishna. The three of them are speed over a number of committees. They go everywhere and fight on all from a in susport of the alogan "1980; the Year of the Refugee," The first in terminatoner for Refugees Dr 'Abd-al-Rahman Ahmad al-Baebir, who is busy, busy. The business is important, for the refugee administration to about to convene a relugee conference, to be called "the International Conference on Refugues in the Sudan," The administration is making an effort to attract the greatest number of countries to participate in it. Therefore, the man barely emerges from one meeting before entering another. The second is his deputy, ibrahim al-lamal, who is now making the rounds of the refugee sites to blue Hille Province. The third is our interviews . Assistant defugee Commissioner Ahmad 'Ahd-al-Wudud Katarawi, He is one of the young people from Phartoum University who have now become decision-makers. He has a master's degree in African political refugees, and from 1964 to 1972 his field of study was the Sudan. Therefore our speaker is an expert on refugees, intellectually and practically immerned in the refugeen' problems.

The Recommite filde of Refugeedom

I asked Mr Ahmad, "We would like to approach the question from the standpoint of its economic effects, and this unnatural situation's repercussions on the African economy in general and the Sudanese economy in particular."

Hr Ahmad maid, "There are two basic facts. First, the African countries are just about the poorest in the world. The second fact is the refugees' entry into some of those countries in large numbers, which constitutes an economic responsibility. That is, they are people who come to the host country destitute, and the burden of providing them with basic services—health, food, lodging, and education—falls to the host countries. Starting from these two basic facts, the host country must confront the problem in two ways.

201

Office, as as to lift this economic responsibility, the host country turns to the international community for material support in this humans cause, in addition, the host country on its part makes an effort to plan and benefit from that aid by preparing economically beneficial programs to enable the refugees to rely on themselves. This is aimed at lifting the economic responsibility from the back of the host country, and, in the stage following their self-reliance, at getting them to participate in developing the economy of the boot country, on the condition that the host country will at the same time bear in sind that the most ideal solution to the problem is their return to their mother country in case a solution is found for the problems lying behind this refugee condition.

"So that the significance of working for the refugera' economic stability and their participation in development investment can be made clear to everyone's mind, we will try to dispel the obscurity surrounding this issue by saying that what we have mentioned is not contradictory, insanuch as the most ideal solution to the refugee problem is their return to their country, to prevent their gradual assimilation into the society of the host country."

#### The Details

Almai added, "Now we can go into the details. We mentioned before that the entry of refugees into any country means an additional economic burden. The steps to be taken in dealing with the problem come in two stages.

"The first stage is that of aid, occurring right after the arrival of the refugers. Contact is made with the pertinent IN agencies, such as the High Commission for Refuger Affairs, the PAO, and other volunteer organizations. Contact with such agencies is made so that material aid can be provided to meet the refugers' needs during this stage. Usually the stage of emergency aid lasts for a limited time.

"This stage brings us directly to the second stage, in which the government, through its various agencies, prepares a comprehensive study of the economic and social banefit of establishing bousing projects for the refugees to achieve the goal of having the refugees help themselves. It should be noted that the two stages are inseparable, because by merely initiating aid campaigns, you begin, at the same time, preparing your plane and projects for housing and feeding the refugees.

"If we decide to make a benefit study, we start by surveying the type, nationality, and abilities of the refugees, and their occursic backgrounds. For example, if the group of refugees had originally worked in agriculture, you would begin by preparing agricultural projects to accommodate them. If they had been pastoral, you would try to create suitable grazing grounds. After that, you would begin determining the needs and proposing the services needed to achieve some benefit from establishing the project. After determining the amount of rainfall, deciding on the site, ascertaining the costs

of the services, and forming some sethod of communications, you figure the costs of all of this and incorporate it in the form of a study which you then submit to the pertinent in agencies and volunteer organizations so that they can finance these projects, even though they are the basic funders of aid operations, and even though some such organizations, like the PAD, are limited to aid operations alone."

## Refugee Projects

Hr Almad continued, "When we go from this stage to explaining the types of projects we are setting up for the refugers, we must first one to it that the housing projects are appropriate to the cultural and economic backgrounds from which the refugers came when coming to the host country from their homeland. It just so happens that the nature of African refugers has always been rural, dependent on agriculture as a basic means of making a living. Here it so happens that the total refuges population is distributed in families, with each family receiving 10 feddams to exploit agriculturally. The project administration usually helps them during the first years by providing technical aid and expertise so as to make acclimatization easier and to achieve a fair return for them from the project.

"If we take the first question, which is the agricultural background, this leads us to the way the project is administered. Even though it is a "uncomen project," meaning that only one person runs it, we are nevertheless siming at placing a number of specialists under this person's administration. You find there agricultural, mechanical and electrical engineers and skilled workers in various professions. Here I have endeavored to reflect the efforts the authorities are making to achieve the goal of helping the refugee become a self-reliant participant.

"But, after all this is achieved with respect to the location, selection and the authorities' desire to provide aid, two important things remain: (i) finding out the refugees' desire for and receptivity to this trend which we are offering him on our party, and (2) finding out how far the local boot society will cooperate with the refugees, and its flexibility in accepting these guests in its region.

"There are two sides to the first point. The first, which exists among all refugees worldwide, is known as the refugee mentality. The refugee, when he leaves his country, has a psychological feeling that the world is to blame for having created his problem, first of all, and for not understanding it.

This psychological aspect impels the refugee to compensate for his lost identity. This is firmly linked with the aid stage, for the refugee cannot understand that this aid will be cut off—this aid which he feels he is entitled to. He feels that he must not be denied it, that he must not be forced to work to feed himself. The world is to blane. Another factor contributing to the development of the so-called refugee mentality is the

inite of the point (class themselves, whether or not they belong to a liberation front, that binding the citizens to a cirange land might lead to the awaitewing up of their political awareness of their back cause, and to the dissolution of their original personality is souther land.

"All of these are reasons which lead the refuges to not work. Even though they are psychological reasons and social costoms, nevertheless they have a direct effect on the economic operation. We have fored many difficulties which have arisen from such thinking during the transportation of refugees to bounding projects, and we have managed to overcome this obstacle only through practice and patience. For example, the refugees of 1972 found the refugees of 1967 forming and harvesting, so they turned around and initated them. The successful experience of some refugees who took the initiative has led to the harloting of the others' fears.

"Through experience, we have proof of the practical success of this, but we have no theories on the matter.

The second those pertaining to obstacles in the existence of fearful facilings among the local citizens. This is universal, not comething limited to the Sudanese. In fact, what has belond the Sudan to overcome these fears to its similar characteristics, its tribal reprochements and bonds of kinable, in Eassle, for example. This fear was manifest among us during the early refugee stages.

When the housing projects were actually built, and the refugees and citizens alike continued to enjoy them, it became obvious that the role of refugees among some traditional excities had changed from that of partner to innovator. That is, the settlement of refugees in some uninhabited areas had created a tremendous, dynamic economic force, for example, refugee areas were established in the vicinity of some villages, accompanied by service and production investments. There the local citizens felt the tangible difference which the refugees contributed to the region's growth.

Figure 1 area, this statement is consummated by the indeness villages and their refugee counterparts, such as the Sudanesse Balus and the refugee Balus, and the Sudanesse Uma Saqtah. This leads us to the possibility of assembling regional units which will directly participate in existing regional development projects, such as al-Marked and Simeis. This is shat actually happened. As a proposal, we have issuediately contacted the international Swedish organization 'SAIDA' to establish such projects, the labor force is there, and the natural resources, and a plan for development, close by and connected with the boustog project. It only remains to combine the two is an integrated manner, since refugee bousing projects can provide national development projects with manpower, in addition to the former's engoing tendency towards land utilization."

## Why International Aid

He Almad concluded, "After all this, we can immediately make the coherent and logical leap to rathing the question. Why does the Sudan appeal for international assistance? We are convinced of the benefit of everything se have mentioned in handling the economic responsibilities of the refuger problem. Nevertheless, although we have atreased the importance of its role, sorld aid in not beeping up, now or in preceding years, with the scope of the problem or with the number of refugees, which has reached a halfwilliam, of which no more than 60,000 have been bound to date. The remainder is forced to five in what we call temperary bouning in the Sodan, without programmed projects like these, and without any concern on the part of the international community. This has caused this huge number of refugees to share the aprotoca provided to the Sudanean citizens, and to auffer a scarcity of international aid, which is a fundamental necessity for meeting all the refugers' needs. We had to come up with new methods to put a limit to this temporary bouning and to achedule organized bouning projects, which secessitated calling for this international campaign through which we are imploring the international community to help finance the projects, which we hope will anompage all the refugeee in the Rudan, without waiting for yearly aifte."

The International Campaign to a Bold Step

Everything said pertaining to refugee bouning and the international campaign by a boot country like the Budan is tantamount to a bold step in the bistory of dealing with refugee issues, for it has arbieved the leap from the aid stage to the stage of developing the boman capacities of the refugees, preparing them in case they return to their bomeland, as well as helping develop the bout country. This is a modern treatment for refugee problems, for the goal, after having been merely provided aid projects, has become the development of the refugee.

The Sudan has given all it can, and more, but it is forcefully making the international community aware of its responsibilities towards its people.

8559

1 9401 48107

#### CAMP DAVID ACCORDS FRAMINED

Tunto LA PRESSE DE TUNISTE La French 7 Jun 80 p 1

[Editorial entitled: "Indectaton ... "]

[Text] Nearly a month after the "agony" of the tamp bavid accords and at a time when Limiet terrorism continues to rage in the occupied territories, Europe still hesitates to take an initiative which could draw the large!!

Arab conflict out of its infernal circle of violence and passion.

Why much an heattation?

The Old World's inductative and wavering stance stems from two major factorat

-- First, Washington's firm and definite apposition to any European initiative; such an initiative would clearly be the coup de grate for the Camp David accords and put Freeldent Carter in a truly artward position, only a few months before the U.S. presidential elections.

And obviously the Old World's "Atlantiate" still balk at putting their "great ally" in such an embarrassing situation...

-- Next comes the disagreement already existing among the EEC numbers as to the initiative's terms. Whereas Frence advocates a "formal" tecognition of the FLO by the Hine as a preliminary step to any suropean "plan", Landon definitely appears any such recognition on the grounds that the PLO, in its opinion, did not yet accept the principle of a negatiated settlement in the Hiddia Ranti

in the face of such an imbrogilo, the roming European number in Ventre does not invite to optimism. Hevertheless, it would be quite a pity if Europe were to miss such an opportunity to forcefully assert its presence on the world's political scene.

It would also and above all be an opportunity for Europe to contribute to the triumph of peace and juntice in an area which has been troubled for no long.

9591

CBD1 4400

MEALI VIEWS CHUTTY'S POLITICAL, SOCIAL COMMERCUS!

1.0111/04 Tunto TAP in Engiteb 1404 CHT II ful 60

[Trat] Tunie, July 11 (TAP) - In an interview with the correspondent of the Prench Dally "LE HONDE", Presier Mohamed Healt referred to Tunieta's "political and social communes."

It is obvious, he said, that Tunisia's political atmosphere has become relaxed whereas five months ago, Quisab's serious affair occurred. However, we should say that Gafaa's specific affair showed the Tunisians set national solidarity and unity above all other considerations.

Tolerance, overture, liberation of prisoners, settlement of problems through the channel of dislogue, you can go back to Tonisia's modern history, are the characteristics of Bourguiba's policy.

We have always said, Mr Meall went on, that funisis belonged to all funisions. No funisions living abroad have problems with funisis. There are only funisions who get into trouble with justice.

The head of state had already, a few years ago, called upon funtations living abroad to return to their country.

For instance, 330 funtetane came back recently to funtate whereas they were in Libyan training camps. There are also those who returned from Lebanon where they were trained in ultra-Palestinian camps.

Answering the question relating to multipartisan Tunisia, Hr Hasii said:

"It is excential, in my opinion, in the present conjuncture which Tunisia is going through, that all trends may be expressed freely. What remains depends on time, growth and maturation."

Asked about contact with social partners, funisian Premier Heall said:

It is true that we are now preoccupied by syndical questions, since we does that an efficient and permanent disingue with our social partners is the best warrant of a social balance and even a political one. This disingue is more than necessary.

207

It is the best defence against arbitrary, distrust, misunderstanding and everything leading to excist stratum, thus to clashes. If we wish to have dislogues with social partners, which means with organizations representing workers, employers and workers [as received], the directions of these organizations should be elected by workers, employers and students. They do it if they wish within the framework of law and the organizations' regulations, in the course of an ordinary or extraordinary congress. We would be ready as a government to help create their favourable conditions for the building of immediate descretic elections at the level of trade-unions in an atmosphere of sevenity.

0801 4420

GHENIHA APPOINTED TO HEAD ECONOMIC, SOCIAL COUNCIL.

Tunto LA PRESSE DE TUNISTE In French 7 Jun 80 p 4

[Text] At 1230 yesterday Prime Minister Hohamed Haali presided over the ceremony installing Mr Mohamed Ghenima as chairman of the Economic and Social Council. The latter replaces Mr Tijani Chelli at this post.

Mansour Modila, minister of the plan and of finance, and Moncef Belhaj Amor, deputy minister reporting to the prime minister and responsible for public administration and the administrative reform, were present at this ceremony. Hr Hzali delivered a short prefatory speech: "I am honored to attend this installation ceremony I take this opportunity to congratulate Mr Mohamed Ghenims personally and on behalf of the government for the confidence he has been entrusted with by the members of the Council, who elected their chairman. I would also like to thank Mr Tijani Chelli for the activities he launched as chairman of the Council. Today, he leaves this position to devote himself to the chairmanship of the Agency for the Promotion of Investments, as institution whose tole is particularly important in our country's economy."

to avoid having someone hold more than one office at a time.

in fact, this option was confirmed by President Bourguiba's decision to invite the members of the government, the Political Bureau and the National Assembly, not to register as candidates for the municipal elections.

Then Mr Mrail addressed the members of the Council: "You made a sound choice in electing Mr Mchamed Ghenima chairman of the Economic and Social Council since he is known for his competence, seriousness and integrity. He is also considered to be one of the Tunisian cadres of whom we can be proud." "This choice", added the prime minister, "also reflects our government's intention to insure that this institution receives increasing support and becomes more efficient especially since this is first time the decision was made that the chairman of the Council would devote his time exclusively to this function."

Is addition, Mr Mohamed Mxall pointed out how particularly important were the functions assumed by the Council as a constitutional institution that the

government and the National Assembly can consult on the following matterus economic and social legislation, the plans for economic development and relations concerning their implementation.

The prime minister also noted that the importance of this institution does not stem only from its constitutional function but also because it represents several sectors of the economy and our national organizations.

Mr Meall added: "It is the Council's duty to make suggestions to the government on matters concerning the restructuring of its commissions in order to insure a better representation of the various sectors of business. Thus the Council can enlighten us and play an effective role since our government's decision-making process rests on the principle of a constant dialogue. The Council must always be in tune with our country's evolution since we are now ready to begin implementing our Bisth Plan, which will be the "Takeoff Plan." Henceforth, the role of this Council is commensurate to the importance we attribute to the sectors of employment and youth." The prime minister concluded: "On behalf of the government, I insist on the necessity for the Council to further promote its activities and to develop secure the contribution of new vigor from our university and the private sector to increase its role in drafting the next plan."

Then Mr Tijani Chellt and Mohamed Chentma spoke and thanked Mr Mohamed Mzali for the kind words he had for them.

9591 CBO1 4400

# PETROLEUM EXPLORATION PROMITS BIGNED

Tunta LA PRESSE DE TUNISTE La French 7 Jun 60 p 4

[Text] During a ceremony held Thursday afternoon at the headquarters of the Department of National Economy, Mr Lagram provided at the signing of the agreements awarding three hydrocarbon exploration permits. The hydrocarbon femources involved are logated in the center of the country.

The association formed by both the Tunisian Petroleum Activities Enterprises (ETAP) and the company AGIP (Africa) Ltd. was awarded two permits. These are the "Gafsa permit" and the "Bidi Bouzid permit."

The association formed by both ETAP and AGIP in collaboration with two American companies, namely, "Union Texas-Kasserine Oil Corporation" and "Anadarko Tunisia Inc." was awarded the third permit referred to as the "Kasserine permit."

He Lauran took this opportunity to emphasize how strongly interested Tunisia is in increasing petroleum exploration activities in his country and particularly in the areas which have been previously subjected to exploration. The new technologies currently used could lead to such more satisfying results in the exploration of the latter. He thanked the oil companies involved for the spirit of cooperation they are showing in their collaboration with Tunisia and wished them full success in their endeavors.

In turn, speaking for their companies, the spokesmen for ETAP, AGIP, Union Texas, and Anadarko, expressed their intension to devote to these projects all the resources and technology currently available to them in order to successfully complete them.

They praised the spirit of cooperation which surrounded the drafting sessions and thanked the minister for the confidence which the Tunisian Government had shown them.

9591 CSO: 4400

# NEW WATER AUTHORITY RETABLISHED

Abu Dhabi AL-ITTIRAD in Arabic 4 May 80 p 3

[Article by Muhammad 'Amir: "Why Did the Council of Ministers Decide To Establish Supreme Water Authority? 150 Reports Confirm That Ground Reserves Are Being Depleted; Why Is Ministry of Agriculture Calling for Comprehensive Survey of Water Resources and Where Will Its Results Lead?"]

[Text] A small news item stated: "The council of ministers has approved the creation of a Supreme Water Authority for the development and utilization of ground water resources in the country." Behind this small news item is a very sed and painful story which does not end with the proclamation of the decision to establish this authority. But the creation of this authority will open the doors wide to a lengthy and important stage of exhausting work to utilize water resources in the country carefully since water is the source of life.

What is the end story behind this news item? What do the reports of the ministry of agriculture and of other agencies include about the depletion of the ground water supply throughout the country? Why is the ministry of agriculture asking, or rather insisting, that a comprehensive survey of water resources in the area be conducted? These are the questions to which we are trying to find answers.

it is inappropriate to begin with a sad story, but it is fair to face facts and to begin with that story. The story begins with a small but serious warning that came to the ministry of agriculture from the vicinity of al-Daqdaqah. The warning stated, "Balinity in some of the wells of the area has risen from 5,980 (micromoles, to 18,000 (micromoles)." The warning meant that these wells were no longer suitable for drinking water to people and animals and for irrigating plants. Officials in the ministry held meetings to discuss the situation.

A few days later another warning stated, "The salinity ratio in the village of al-Sakamkan in the eastern region has risen to more than 15,000 particles per million. The pain trees in the area are facing a total

drought. Repeated varnings came after that: the situation was dangerous, and silence could not be maintained.

His Excellency Sa'id al-Raghani, the minister of agriculture held several argent meetings with officials in the ministry and toured some areas of the country. Afterwards he completed a sad but candid report.

The Report of the Minister of Agriculture

In his report the minister of agriculture said, "Ground water is the principal source of our water needs in the country. Ground water is formed from a reserve of rain water that seeps through the ground to the depths of the earth. Because the United Arab Emirates is located in a semi-arid area of the world, the rainfall is limited and averages 103.5 millimeters per year. Figures that are available now about the ground water that is stored in the depths of the earth indicate that there are approximately 200 million cubic meters of water [stored] per year. Consumption figures, however, have rises; it is estimated that consumption figures for 1979 rose to 565 million cubic meters per year. This means that there is a deficit that approaches approximately 365 million cubic meters per year!"

The minister added in his report, "The source of ground water, as vital and important as it is, is being depleted. We have made observations about the depletion of the ground water supply from 150 reports we have compiled. These observations are:

"The Eastern Region: There is a noticeable decline in the condition of the water in this region. We came up with the following information while we were monitoring the wella:

"Ai-Sakamkam Village: The ratio of salinity in that area rose by more than 15,000 particles per million because of the influx of sea water as a result of unscheduled and increasing pumping. Most of the pain trees in that region are, therefore, facing a total drought.

"Al-Saf Kalaba: The measurements that we took in that area indicated that salinity on some of the farms had amounted to 7,000 particles per million. This is a serious indicator which shows that water from the sea is flowing into the ground water supply. If drilling and pumping operations continue or increase in that area, agricultural prospects for that area will come to an end unless the pumping and the distribution of water are managed by the state in accordance with a modern irrigation system.

"The Northern Region: Salinity rose in many of the wells of this region as follows:

"Al-Daydayah: Salinity rose in some wells in this area from 5,980 (micromoles) to 18,000 (micromoles) because one of the bodies of the sea had
permeated this region.

"Al-Ghab: Salinity in some of the wells of this area rose from 1,610 (micromoles) to 13,000 (micromoles). It is feared that the permention of sea water into this region will increase unless the state takes some firm measures.

"Shamal: Salinity in some of the wells of this area rose from 9,945 (micro-moles) to 15,000 (micromoles). There is a distinct possibility that this ratio will grow if the increasing pumping activity is not curbed.

"The Central Region: The problem in this area is different from the problems in the other areas. The water level declined noticeably in that area, threatening that the wells in a part of this region would be dried up.

"Al-Dhayd: The agricultural expansion in that area and the intense drilling of wells that accompanied such expansion led to a noticeable decline in the water level in several farms and especially near the ministry's office in al-Dhayd where the well has almost dried up."

The Council of Ministers Responds

The minister of agriculture took this report and rushed to the council of ministers where he presented the ead picture of the ground vater situation. It is a situation that is declining daily. It is truly a sad picture. The color green will disappear situater from the region of al-Baf Falaba; the wealth of paim trees in the area of al-Bakamkam will die. What is even more serious and more sorrowful than this is that fresh water is likely to disappear altogether from the region of Falaj al-Ma'ala.

The council of ministers reviewed the dismal picture and insued a decision to establish a Supreme Vater Authority that would be chalred by the minister of agriculture. The members of this authority will include the under-necretaries of the ministries of agriculture, fish resources, electricity, water, planning, public works, housing and public health. The members will also include the directors of the municipalities of Abo Dhabi, al-'Ayn, Dubai, Sharjah, 'Ujman, Umm al-Qaywayn, Ra's al-Khaymah and Pujayrah. The authority will also include the directors of water departments in the emirates.

This authority is a legal person, and it has three principal missions:

- 1. It has to regulate the use of ground water. This includes the drilling of walls and other activities.
- 2. It has to manage the flow of water and to know the volume of ground water reserves, and it is to devise a compressonaive plan for this.
- 3. It is to do everything in its power to provide the water that is necessary for various needs--drinking, irrigation and industrial uses.

8592 CBO1 4802

# EXPENDITURES ON NORTHERN WATER PROJECTS DETAILED

Abu Dhabi AL-ITTINAD in Arabic 10 May 80 p 2

[Article by Pathi Salami: "79 Million Dirhams To Implement Mater Projects in Northern Emirates; First Stage To Be Implemented This Year; 16 Million Dirhams Earmarked for Projects"]

[Text] The Ministry of Electricity and Water has prepared an ambilious plan to implement a number of water sector projects in the areas affiliated with the ministry in the northern emirates. The purpose of these projects is to provide water to citizens in these areas and to improve the quality of the water. This plan includes establishing new fields of water; drilling wells; building ground and elevated tanks; laying out (water) systems; installing water purification devices that use chlorine; and connecting water to popular housing in these areas. [The sum of] 79 million dirhams has been earmarked for these projects; if million dirhams have been allocated in this year's budget so that the projects can be implemented in several stages. These projects have been distributed to the northern emirates as follows:

- \* Dubait the installation of a 10,000 gallon elevated tank in al-Khawanij.
- \* Sharjahi establishing a water field (this is in progress); constructing a ground tank and a comprehensive water system in al-lihayd; drilling a well in Washah; installing an elevated tank; laying out a [water system for popular housing in al-Bahayis; installing pumps, machines and two tanks with a total capacity of 15,000 galions; laying out a water system for popular housing in Wadi al-Hulw; installing a 20,000 galion tank; laying out a [water] system in Sha'biyah al-Malihah; expanding the [water] system in Tuwa 'Abdallah ibn Halis; installing a 10,000 gallon tank in al-Huden, an elevated tank, a distribution system in al-Nadd and al-Barir, a 10,000 gallon tank in Fall; and a comprehensive distribution system in Faya; studying the development and expansion of the distribution system; installing a purification device in the city of Khur Fakan and a 20,000 gallon tank in fallysh and al-Zabarah; adding a principal water pipeline from the Tarif field; expanding the internal system; installing a purification device in Kalaba and Khur Kalaba; laying out a distribution system for popular

housing and tying that system to thur Kalaba in al-Chayl; and adding a new water line from the Daba Field in Daba al-Hien.

- \*'U]man: Building a million gallon ground tank with a pumping station and a water treatment station; reducing salinity; laying out a comprehensive system in the areas of al-Ne'lmiyah and Mushayrif; expanding the water distribution systems in the industrial area and in al-Kurnish in the city of 'U]man; lostalling a 10,000 gallon tank; laying out a system and a pipeline from the water field of Tavi Rashid in al-Hallw; building a 25,000 gallon ground tank; considering the establishment of a new field; installing a purification device in al-Manamah; installing a purification device and a 20,000 gallon tank in Manamah; and drilling an experimental well in Hrayri'.
- \* Use al-Qaywayn: Installing a purification device; building a ground tank in the city of Use al-Qaywayn whose capacity is not less than half a million gallons; building a 10,000 gallon tank, and a distribution system in al-Mahdhab; and building a 30,000 gallon tank and a distribution system in Bayata, al-Ra'ifah, al-Salamah and al-Rashidiyah.
- \* Ra's al-Ensymab: installing nine electrical pumps in Wadi al-Rayh and a 10,000 gailon tank in al-Mahabib and Rahbah; drilling additional wells; installing a water purification device in Sha'am; installing two 20,000 gailon elevated tanks in al-Qayshah and al-Harashah; expanding the existing system and tying it to the pipeline in al-Burayrat; installing two elevated tanks with a total capacity of 15,000 gallone for popular housing concentrations in Rayh al-Ghab; drilling a well; installing a pump, a machine and a 30,000 gallon tank in al-Zahuriyyin; installing a 5,000 gallon elevated tank in al-Qaryah and Earthab al-Eanabah; installing an additional well in the water field in Rayh al-Fahlayn; drilling additional wells; expanding the existing system in Hahhab; drilling additional wells; laying out a distribution system in Hahhab; drilling additional wells; laying out a distribution system in Sibewat; and installing two tanks with a total capacity of 20,000 gallons in Rabadah.
- \* Pumayrah: drilling two wells in the existing water field; beginning to establish a new field; building a million gallon ground tank; installing a water purification existem in the city of Fujayrah; tying the water field with the Fujayrah distribution system; installing a purification device in Gadfa'; laying down additional pipes for popular housing in Marbah and al-Garyah; installing a 10,000 gallon elevated tank; drilling an alternative well; tying the area with the Tarif field in Abfarah; installing a 20,000 gallon tank; drilling an additional well; laying out a distribution system for popular bousing in Sharam, al-Bidyah, al-Magab, al-Masanlyyah, al-liavirah and Jarif; building a 10,000 gallon tank and an additional well in Gadana, Hawal Gadana and Zakat; and installing a 20,000 gallon tank and a water system for popular housing and tying that system to the Daba field.

# IRRIGATION PROJECT TO FIGURE PROSPECTS FOR AGRICULTURE

Abu Dhabi AL-ITTIRAD in Arabic 9 May 80 p 3

[Article by 'Abd-al-Muneif Shukr: "Twenty-Two Hen Living in the Desert To Achieve Big Dreem; Waters of al-Za'lah To Beach the Farms of al-Sad This Henth; Water Supply Will Suffice To Irrigate Farms for Hent 100 Years"]

[Text] Vater is to reach the farms of al-Sad this month to irrigate the parched land and [to allow] the green color to spread itself over our good land. Vegetation and blessings will aprend everywhere in our land.

Use of the ground water that has been discovered in the al-Za'lah field will begin; this water will irrigate 50 farms in the region of al-flad. Blessings are to flow from al-Za'lah in large quantities. Two million gallone of water suitable for agriculture are to flow daily through 7 kilometers of pipes until the vater reaches the parched farm that have been vaiting for the water ever since they were created. Smiles appeared on the ferms of members of 38 families that had lived a long time hoping to have a supply of water for their farms. This had been a remote hope for a long time, but today, it to materializing; the dream to becoming a concrete reality. His Highness al-Shaybh Tahnun ibn Huhamad, the representative of the ruler in the factor region has leaved orders that the vaters of the field of al-Za'lah be supplied immediately to the farms of al-Sad. He gave instructions that work on this process should not wait for work on all the wells to be completed. The men began an intense and an arduous effort to achieve the hope. Among 35 wells that are being drilled in al-Za'lah Field, 12 are now ready to produce. A 7 kilometer pipeline to carry water from al-Za'lah to al-Sad has been laid. Work to now under way to prepare a huge tank for this incoming water which is then missed with the little fresh water that is produced by the few wells that exist now in the region of al-flad. After the vaters of al-Za'lah are mixed with the vaters of al-Sad. the mixture (that results from that process) is more suitable for agriculture. Afterwards, farmers can grow all the crops they can on their lands. The land is good, and the water is now available in adequate quantities so that plants will spread, blessings will increase, and our good earth will produce more food and security for its people.

# And the Nope La Renaved

The story began when German consulting experts submitted the results of their studion of al-2s'lah Field to officials. Those experts had drilled 40 wells in the area, and they had affirmed in their report that half of them had falled to produce water and the remaining half can produce only about 100,000 gallone of water a day. This quantity is enough to irrigate two farms only. This meant that the project would not be economical and that work on it must stop.

But the officials decided to carry out the studies again. There were 18 forms in the virinity of al-Bad. Citizens had taken possession of these forms 7 years ago, but they had not yet cultivated them because the unter necessary for them was not available. The land is good since the pain trees that were planted there on an experimental basis did grow with the little water that several walls in the area produced. But the fact that adequate quantities of water are not available has idled these forms. They are werely land that has been parceled out but is not producing. Water must be provided for this land.

Him Excellency Huhamad Salih ibn Badavah, office manager of his highness the representative of the ruler of the Eastern Region charged Or ibrahim Sagr, a hydrological a port, with the task of following up on the al-Za' lab water project and asked him to submit a report on it. The Arab expert lived at the site and visited it repeatedly. He returned to write a report to his excellency the office manager; it is a report that gives one hope. The report stated, "The shove (data) indicate that if we wanted to pump water at a rate of one million gallons a day, this would mean that the water stored in al-Za'lah field is sufficient to provide this quantity for a period of time that exceeds 100 years. There is a possibility that the quantity of water going through the field will be increased, and there is also a possibility that the quantity of water going through the field will be increased."

We not with the Arab expert who succeeded where the German experts had failed, and we asked him how he was able to achieve (this success). He noid, "As the report which I submitted to officials stated, it is possible to achieve this increase by expending the field. This means drilling new wells, especially towards the north and towards the south so that the distances between the wells would be in the neighborhood of 1,000 meters. We can also make the wells deeper so that they can produce the maximum (amount of) water possible. To utilize the wells properly and to ensure that they continue producing for the longest possible period, the wells can be divided into two groups on a scientific basis so that we can pump water from the wells of each group for 10 hours only per day, and then suspend pumping altogether for I hours.

I said, "This is what ecientific studies affirm, but what would actually be the results of practical experience?"

He rapided, "After I submitted my report, officials were interested in what was in it. With instructions from its Highmon al-Shaykh Tahmun, Bis trivillancy Shiharmad (bin Saille, the office manager, gave lost ructions that all the requirements be made available for conducting an experiment to make the wells deeper. We did to fast bugin working, and we chose three of the walls that the German experts had determined to be fullures. The experiment proved that the wells were productive, and they yielded large quantities of water. Accordingly, it was decided that all the wells in the field would be drilled further an that the number of wells suftable for production in the field would be 15 only. Operations to drill the wells further began, and at a depth of 100 fact the actentific atudies confirmed that we can obtain one million salions of water a day from this field for core than 100 years. As the drilling continued and the cells became deeper, the vater increased. We continued to dig further, and it became evident that the bottom of some of the wells was at 560 mg 650 feet underground. This went that there were increasing quantities of water. This water has a little walt in it, and although it may not be outtable for drinking, it in good for agriculture. Its sultability for agriculture increases if it can be closed with fresh water. This is what we are actually preparing for."

# for \$11 flumber &

Thirty bilometers from the city of al-'Aya on the road to Abu Shabi, we came to the region of al-Bad [others] a large number of farms had been prepared, but no farming was being done there.

There were only some pain trees and some trees that has been planted by the Department of Agriculture before the farms were turned over to citizens. The trees are still growing on the little water that reaches those farms from the few wells in the area. We left the paved asphalt road, and we began to go into the demort. The car traveled for 8 bilometers before we arrived at the location of the drill. We set the men on location: brown, youthful faces whose features signified challenge and determination. One of thus told on, "My name is Buhammed al-'lear(. I operate the machine, and I take turns operating it with another colleague. Operating the machine requires a driller, an assistant and four workers. They are assisted by two vehicles for carrying water, a cruiser vehicle and a welder. This machine is a (Garden Delver) brand. It is a good brand that can drill relatively small depths. This is drill number 6. There is more than one drill, and every drill has a team of wurkers. But we are productive drill."

Strangly, I've worked in Faveit and in Libys, and the camps there were better." His colleague, Fhalld Jun'ah al-Sulh, who is the second driller who takes turns with him operating the drill, went on to add, "Unfortunately, the simplest means of comfort are not available. The cook is indian, and we have to eat what he can cook and not what we want to eat. In addition, we are subjected to storms and burricanes that uproof the pega of [our] fents, als eand with our food and carry eand to our bade.

The driver 'Abd-al-Wabid Murad added, "Food concessions are sometimes good and sometimes not good. The tent where we live is torn, but our tent in not the only one that is torn. All the tents of the camp where 22 persons live are torn."

Nevertheless, they all forget their hardships and their pains, and their faces light up with joy when the water rushes out of the drilling cylinder affirming the arrival of blessings and the achievement of the goal for which 22 men living in a camp in the middle of the desert are cooperating.

# Fifty Farms

Sadiq al-'Ayyadi, director of the Department of Agriculture in al-'Ayn apoke about the preparations that are being made to utilize the good things that are coming from al-Za'lah. "We now have 36 farms in the region of al-Sad. These farms have no agriculture except for some paim trees, trees and wind breakers. Although these resident farmers have taken possession of these farms, they have done so on paper only. These are farms with no farming and no production. The arrival of the water of al-Za'lah field will add the best of life to these farms so we can begin cultivating them in the new agricultural season.

"We will, nevertheless, furnish and prepare another number of farms so as to make the number of farms in al-Sad 50. These farms will need a million gallons of vater daily. We will mix the vater that is coming from al-Za'lah with the fresh water that is produced by the existing wells to make the mixture more suitable for agriculture. We will, therefore, build a new tank where the vaters of al-Za'lah can be mixed with fresh water when they reach the area of al-Sad."

8592 C801 4802

### BRIEFS

INCREASES IN AGRICULTURAL PRODUCTION -- The area that is planted with different vegetables in al-'Ayn amounted to 10,979,20 donums; 2,195 donums are planted with tomatoes; 1,083 donums, with succhini; 763, with susumbers; 645, with egaplants; 285, with cauliflower; 345, with cabbage; 116, with watermelons; 237, with melone; 332, with chard; 624, with radiaben; 101 donume, with corn; 70, with green beans; 45, with okra; 113, with blackeye peas; 714, with ontone; 82, with turnips; 52, with watercrees; 55, with lettuce; 66 donume, with white beets; 53, with Jew's mallow; 45, with yellow equash; 134, with garlie; 56, with beans; 14, with peanuts; 19, with fenugreek; 12 with dill; 16 donums, with chick pean and lentile; 411, with large cucumbers; 137, with carrots; 716, with excet potatoes; 301, with aptnach; 67, with mallow; 65, with peam; 274, with pepper; 232, with cortander; 295, with paraley; and 42 donums, with lesks. Revenues from honey produced by the bookives in the farms of al-'Ayn were the highest on the list of revenues from fruits, honey and fruit juices. In 1979 these revenues amounted to 258,025 dirhams. The date, guava, lemon, grape, orange and banana crops followed (on the list). The value of 15 tons of these fruits came to 315,284 dirhams. His Excellency Muhammad Sultan al-Daramakki, the undersecretary of the ministry for the Department of Agriculture in al-'Ayn affirmed that the present purpose of agricultural development in cities and villages of al-'Ayn is to double the income of farmers and to increase the national revenue. Evidence indicates that the bond between the farmers and the land has grown after farmers settled on the land following the numerous projects that were ordered by His Highness the chief of state in the interests of farmers, who are citizens of the country, throughout the country. (Text) (Abu Dhabi AL-ITTINAD in Arabic 25 Apr 80 p 61 8592

WATER AUTHORITY LAW SPOTLIGHTED--UN expert Mr (Cabonerra), who specialized in water laws in the UN Food and Agriculture Organization (FAO), left the country yesterday after participating in the preliminary meetings that emanated from the Supreme Water Authority. Mr (Cabonerra) told AL-ITTIHAD that he had submitted a proposal to establish the first federal water authority in the country. The authority would have direct access to the vice president and the prime minister to provide it with flexibility and seriousness and to make some of the constitutional problems that are

likely to occur after the federal authority is established easier to solve. in addition, more than one agency will participate on a high level in dealing with water matters throughout the state. This is due to the sensitive nature of water usage. The proposal also required that the water authority have its own independent budget and that any other legislation that would contradict the stipulations of this law be nullified after the water authority bill is approved. Mr (Cabonerra) added that an explanatory memorandum was attached to the bill to explain the necessity of having an official with the rank of a minister head the water authority. secretary general to to have the rank of an under-secretary. Those who are responsible for the authority are to be government officials in the various ministries and departments so as to provide representation to the largest sector of water divisions in the various official agencies. The UN expert affirmed that current water use in the country was not legal or scientifically proper. He said there was excessive waste in the use of water and that approval of this bill would limit water usage so that a supply of water can be provided that would suffice for future needs and a reserve supply can be maintained that would be comparable to the annual rainfall which is estimated at 200 million cubic meters per year. The UN expert explained that the country's annual consumption of water amounted to 550 million cubic meters. The current deficit was 365 million cubic meters. Mr (Cabonerra) varned that maintaining the same rate of consumption without developing and augmenting the water resources would deplete the ground water and would replace it with sea water. [Text] [Abu Dhabi AL-ITTIHAD In Arable 8 May 80 p 21 8592

£ 580 ( 480)

END

# END OF FICHE DATE FILMED 31 JULY 80 MAK